RESEARCH

Southeast Asia:
An Overview of the Outbound Travel Market and Potential for Canada

Research Report 2001-2

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Southeast Asia: An Overview of the Outbound Travel Market and Potential for Canada

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Executive Summary

Background

The Asia-Pacific region has long been the focus of the world-wide tourism industry, with Japan, Taiwan and South Korea being the key source markets in the region. However, attention is increasingly turning to the region's emerging markets, such as China, Hong Kong and Southeast Asia. These markets are generating many of the region's new international travellers, and have the potential to evolve into the growth markets of the future.

This study was undertaken by PricewaterhouseCoopers on behalf of the Canadian Tourism Commission (CTC) to obtain basic market intelligence to guide the allocation of CTC marketing resources in Southeast Asia. For marketing purposes, the CTC defines the Southeast Asian region as consisting of four markets – Singapore, Malaysia, Thailand and the Philippines.

Given that basic background information was lacking on the four markets, the research included two key components:

- Desk Research on each market to determine the economic situation, external factors, growth trends, outbound travel patterns and characteristics, etc.; and
- Quantitative *Research* to determine the incidence of past long-haul pleasure travel, potential market size and potential for Canada.

Key Findings

Southeast Asia is unquestionably a rich source market for long-haul travellers, with good potential for Canada. With a combined market size of almost 7.0 million potential long-haul pleasure travellers (*see table on next page*), the Southeast Asian market is large, in fact, larger than either the South Korean or Taiwanese long-haul markets. Moreover, the long-haul travel incidence in Singapore (43%) and Malaysia (33%) is higher than in many other major tourism markets in the Asia-Pacific region, including Japan.

Interest in Canada is generally very high throughout the region, but exceptionally so in some markets. For example, interest levels in the Philippines, at 63 per cent interested in visiting Canada in the next five years, outstrips interest in just about all of Canada's other international markets.

As a result of this high interest, the total potential for Canada from the Southeast Asia region is around 3.5 million travellers over the next five years. By way of comparison, the size of the potential market to Canada in France, one of Canada's primary tourism markets, was 4.3 million travellers in 1998. In other words, Southeast Asia represents a substantial market for Canada, and one whose prospects will only get better. Southeast Asian travellers are still primarily choosing destinations in the Asia-Pacific region, but this will change, just as it did in the early 1990s for Taiwan and South Korea. This market shift will be driven by strong economic growth, a burgeoning middle-class, increasing disposable incomes and leisure time, and a new desire among consumers to see the world.

Comparison of Potential Long-Haul Market Sizes					
	Singapore	**Malaysia**	**Thailand**	**Philippines**	**SE Asia**
Total adult population (as defined by the Omnibus in each market)	2,198,400 (18-64)	9,168,900[1] (18 plus)	43,680,600 (18 plus)	29,354,000 (18-54)	84,401,900
% long-haul pleasure travel incidence [2] (past 3 years + next 2 yrs)	42.7%	32.6%	4.4%	3.9%	–
Potential long-haul pleasure travel market	938,700	2,989,100	1,917,900	1,144,800	**6,990,500**
% of long-haul market interested in visiting Canada in next 5 yrs	50.9%	52.0%	41.3%	62.8%	–
Potential market to Canada (next 5 years)	477,800	1,554,300	791,900	718,900	**3,542,900**

[1] *Peninsular Malaysia only*

[2] *For market sizing purposes, a long-haul trip was defined as a trip of four or more nights, by plane, outside the Southeast Asian region (e.g., Singapore, Malaysia, Thailand, the Philippines, Indonesia, Laos, Vietnam, Cambodia and Brunei).*

The four individual markets vary greatly in terms of their general characteristics and travel patterns (profiled in detail in this report), but as shown below, all offer some future potential for Canada.

Singapore

- Singapore is the wealthiest of the four countries, with the brightest economic outlook, the most affluent population and the highest level of discretionary income. Both personal wealth and disposable incomes are rising, and 9 out of 10 own their own homes.
- Singapore has the highest outbound travel propensity of the four markets, with many people taking three or four overseas trips per year. And, it is a rapidly growing market – even with the economic crisis, the outbound market sustained 62 per cent growth over the past five years.
- Only 21 per cent of overnight arrivals world-wide are currently outside Southeast Asia, but this has more to do with the large number of outbound trips taken (i.e., Singaporean travellers tend to take many secondary trips to short-haul destinations), than with the sophistication of the market.
- Despite having an adult population about a tenth the size of the Philippines, Singapore's potential *long-haul* market is only about 30 per cent smaller than the Philippines market due to a very high incidence of long-haul travel (43%).
- Singapore represents the smallest *potential* market for Canada in the region (at 478,000 long-haul pleasure travellers), but again this is due to the smaller population size since interest in Canada is high at 51 per cent.
- In terms of current performance, Singapore accounts for 27,500 arrivals to Canada, ranking it as the second largest market for Canada in the region. However, compared with other long-haul destinations, Canada is not yet a top destination for long-haul travellers in this market.

Malaysia

- Malaysia suffered one of the worst collapses in the region during the Asian crisis, but its economy has since turned around, with economic performance and outlook second only to Singapore's.
- A wealthy middle class has emerged and incomes have grown rapidly over the last decade. Incomes are still considerably lower than in Singapore, but the cost of living is also much lower.
- Malaysia is the second largest outbound market in the region behind Singapore (once excursionist travel to Singapore has been excluded). Again, the market has grown rapidly, although long-haul travel has suffered as a result of the crisis.
- The outlook for this market is healthy, but the current anti-western sentiment and government initiatives to discourage outbound travel are possible mitigating factors.
- In terms of absolute volumes, Malaysia holds the greatest potential for *long-haul* travel of the four markets. It is the largest potential long-haul pleasure travel market – accounting for nearly 43 per cent of the overall potential in the region.
- Similarly, it accounts for 44 per cent of the potential market to Canada from Southeast Asia at over 1.5 million travellers. Canada is currently a "top 10 destination" for this market, but overall penetration and market share remain fairly low.
- Malaysia is also a potentially lucrative market for Canada in terms of revenues, with high total trip spending of $1,400 per visit (ITS).

Thailand

- Thailand, like Malaysia, was hit hard by the regional crisis in 1998. While the economy recovered in 1999, overall economic growth still lags behind Singapore and Malaysia.
- The population is mostly rural, with 60 per cent in the poorer agricultural sector. Although progress has been made in reducing poverty in the rural areas, some ground was lost during the economic crisis.
- Outbound travel propensity is very low overall since the vast majority of the population cannot afford it. However, a new wealthy middle-class is emerging in the urban centres, particularly in Bangkok, that is driving outbound market growth and travel trends.
- Outbound travel flows are heavily tied to the country's economic performance and were more severely affected by the region's economic woes than the Singaporean and Malaysian markets were.
- The outlook for this market is uncertain since the economic situation has not fully stabilized and the baht is depreciating once again. Moreover, the recent U.S. economic difficulties have led to consumer cautiousness.
- Because of the very large population, the long-haul pleasure travel market is sizeable despite a low incidence rate of around 4 per cent. In fact this is the second largest potential market in the region, and offers the second greatest potential for Canada in terms of absolute volumes (792,000 travellers). Moreover, like Malaysians, Thais tend to be big spenders while in Canada, with average trip expenditures of $1,400.

- In reality, Canada received only 11,800 arrivals from Thailand in 2000, ranking it last among the four markets in terms of actual travel flows. A key barrier for travel to Canada, on top of the 27 per cent drop of the baht against the dollar since 1996, is the visa requirement, which is felt to be a cumbersome process and a major deterrent for Thai travellers.

The Philippines

- The Philippines has the largest population of the four markets, with over 75 million people.
- The economy is currently transitioning from the traditional sectors of agriculture, forestry and fishing, to manufacturing and IT. Despite GDP growth of 3.9 per cent in 2000, the economy is not performing as well as the other three markets.
- Like Thailand, it is a poor country overall, with over 70 per cent of the population in agriculture. More than 40 per cent live below the poverty line, and the average annual income is only CDN$4,800, which helps to explain why the country has the lowest outbound travel propensity of the four markets. However, about 10 per cent of the population is extremely wealthy, and like the other markets, a new well-educated middle-class is emerging in the urban centres that is driving outbound travel.
- Filipinos that do travel abroad, tend to travel to destinations further afield – 81 per cent of Filipino arrivals world-wide are outside Southeast Asia, so this market generates the 2nd highest number of arrivals outside the region.
- The Philippines outbound market was hit hardest by the economic crisis, with three successive years of declines observed in outbound departures (1997 to 1999), and further declines seen in the first half of 2000.
- The short-term outlook is bleak but should improve once the peso stabilizes and the economy improves since there is undoubtedly pent-up demand in the marketplace. However, travel propensity in this market will always be limited by widespread poverty and chronic unemployment.
- Long-haul travel incidence is the lowest at 3.9 per cent, but the market is reasonably sized at 1.1 million potential travellers (slightly bigger than the Singapore market).
- Interest in Canada is the highest at close to 63 per cent, resulting in a potential market of 719,000 travellers. At 31,100 overnight arrivals in 2000, the Philippines currently accounts for the largest traffic flows to Canada from Southeast Asia (despite the necessity of obtaining an entry visa). Canada's market share here is double that of the other three markets, and it is the only market where Canada's share is climbing instead of dropping.

Introduction

Background and Objectives

The Asia-Pacific region has long been the focus of the world-wide tourism industry, with Japan, Taiwan and South Korea being the key source markets in the region. However, attention is increasingly turning to the region's emerging markets, such as China, Hong Kong and Southeast Asia. These markets are generating many of the region's new international travellers, and have the potential to evolve into the growth markets of the future. Within Southeast Asia, a new middle class is emerging, one that has started to travel internationally, driven by increasing disposable incomes and leisure time as well as by the desire to see the world.

This study was undertaken by PricewaterhouseCoopers on behalf of the Canadian Tourism Commission (CTC) to obtain basic market intelligence to guide the allocation of CTC marketing resources in Southeast Asia. For marketing purposes, the CTC defines the Southeast Asian region as consisting of four markets – Singapore, Malaysia, Thailand and the Philippines. Specific objectives for each market include:

- Determine the current economic situation and outlook, as well as other external factors that might affect outbound travel;
- Assess growth patterns and future outlook for outbound travel;
- Examine key characteristics and trends pertaining to outbound travel; and
- Estimate the size of the potential long-haul pleasure travel market and potential for Canada.

Methodology

Given that basic background information was lacking on the four markets, the research included two key components:

- *Desk Research* on each market to determine the economic situation, external factors, growth trends, outbound travel patterns and characteristics, etc.; and
- *Quantitative Research* to determine the incidence of past long-haul pleasure travel, potential market size and potential for Canada.

The scope of the desk research was intended to be an initial scan of readily available information to produce an overview of each market. Together with the quantitative research, these overviews would give an indication as to the potential offered by Southeast Asia, as well as specific markets that should be examined further. It should be noted that in some markets, information on outbound travel was very scarce as is typical with emerging markets, while in other markets the information was somewhat dated, but still regarded as useful.

The quantitative research was conducted by placing a number of questions on an existing omnibus survey in each of the four markets. These questions determined whether respondents had taken a long-haul pleasure trip in the past three years or planned to take one in the next two years, and if so, where they went or intend to go. For the purposes of this study, long-haul travel was defined as a trip of four or more nights, by plane, outside the Southeast Asian region (i.e., Singapore, Malaysia, Thailand, the Philippines, Indonesia, Laos, Vietnam, Cambodia and

Brunei). *Exhibit 1-1* provides further details on the omnibus survey for each market. The questionnaire can be found in *Appendix A*.

Exhibit 1-1 – Omnibus Specifications

	Singapore	Malaysia	Thailand	Philippines
Sample Size	**n=1,054**	**n=1,000**	**n=1,200**	**n=2,000**
Coverage	National	National (Malaysian peninsula)	Nine key provinces	National
Target Population	Adults 15-64	Adults 18+	Adults 18+	Adults 18-54
Field Dates	Feb 13-26	Feb 10-28	Feb 3-24	Feb 7-28
Margin of Error	± 3.0%	± 3.1%	± 2.8%	± 2.2%

Note: Analysis for Singapore based on respondents 18 plus only, i.e., those aged 15-17 were excluded.

Where necessary, the databases were weighted by age, gender and/or region to be nationally representative of the adult population. In Thailand, the results were weighted to population statistics from the nine provinces.

Organization of this Report

Each chapter of this report focuses on one of the four markets of interest, namely:

- Singapore;
- Malaysia;
- Thailand; and
- The Philippines.

The final chapter brings together the results from all four markets and looks at the overall potential of the Southeast Asian region for Canada.

Singapore

Singapore enjoys a highly developed and successful free-market economy, and is one of the world's most prosperous countries. Over the last decade, there has been an enormous shift in how Singaporeans live and work, and an improvement in their quality of life. This has led to a veritable overseas travel boom, propelled by increasing wealth and disposable incomes. This chapter presents an overview of this important Southeast Asian travel market.

External Environment

Economic Situation

Since gaining its independence from Malaysia in 1965, the city-state of Singapore has created a healthy open-market economy by encouraging foreign investment, focusing on technology-related sectors, shifting labour-intensive industries to neighbouring countries, and exploiting Singapore's strategic location in Asia. However, this strategy may have proved too successful, with companies experiencing increasing rental and labour costs in Singapore. Leading up to the Asian financial crisis in 1997, Singapore was facing increasing competitiveness from Malaysia and Indonesia as companies moved their headquarters to lower cost locations.

When the crisis hit in 1997, Singapore was fairly successful in isolating itself from the regional fall-out. Instead of being cautious, the government embraced globalization and opened up the market even more. Key strategies, such as cutting taxes, globalizing financial institutions and relaxing requirements for foreign workers, helped Singapore to achieve strong growth of 8.5 per cent in the GDP for 1997.

Despite its best efforts, the crisis did hit Singapore in 1998, but certainly not as hard as its neighbouring countries. The year 1998 brought with it salary cuts, a fall in exports and decreasing consumer confidence, resulting in only a 0.1 per cent growth in GDP for the year. But the economic slowdown in Singapore was short-lived, with the economy staging a strong recovery in 1999 (5.9% growth in GDP), fuelled by the strong services and manufacturing sectors.

Economic performance surpassed the government's initial estimates for 2000, with a 9.9 per cent growth in the GDP. This growth can be attributed to a number of critical success factors, including the regional economic revival, strong growth in demand for electronics, increased business investment, and growing consumer confidence and consumption. Even with the regional slowdown, Singapore has enjoyed a strong economy over the past decade, with GDP growth averaging an astonishing 7.7 per cent from 1990 to 2000. Moreover, Singapore has successfully positioned itself as the region's financial and high-tech hub.

According to the Ministry of Trade and Industry (MTI), the Singapore economy will experience slower but "more sustainable" growth of 5 per cent to 7 per cent in 2001. However, higher levels of unemployment, rising labour costs and the appreciation of Singapore's dollar against other countries in the region will continue to be a threat to Singapore's competitiveness in the coming year.

Social Landscape

The population in Singapore has grown by 33 per cent over the last decade. Singapore now ranks fourth in the world in terms of population density (at 5,540 persons per sq. km.). This growth can be attributed, at least in part, to the growing number of immigrants to the country. As a result of the government actively encouraging the immigration of skilled workers, foreigners now make

up about 26 per cent of the Singapore population, compared to only 14 per cent in 1990. This makes Singapore a multi-racial society, with each racial group – Chinese (77%), Malay (14%) and Indian (8%) – retaining its own cultural identity, while at the same time developing as an integral part of the Singapore community.

The population in Singapore is getting older, due in part to a falling birth rate, with the average age having risen from 29 to 34 over the last decade. There is also a definite trend towards marrying later in life, and having children later. The aging population could present a challenge for Singapore in the future, with a declining supply of young workers and a much larger elderly population to support.

In the past decade, Singapore has basically rid itself of poverty. Economic restructuring and improvement in educational attainment (with 34% having tertiary education) has led to a highly skilled work force and better paid occupations such as managers, professionals and technicians. In fact, the median income in Singapore has doubled over the past decade, resulting in a very affluent population. Rising disposable income and personal wealth has led to unbridled spending by consumers on shopping, household goods, housing, cars and overseas travel. Interestingly, savings levels among Singaporeans are also high. The government promotes high levels of savings and investment through its mandatory individual savings scheme (Central Provident Fund), which can be drawn upon after 55 years of age.

Roughly 86 per cent of Singaporeans live in public housing that is government-subsidized. Unlike the low-income housing in many countries, public housing is of high standard, with 90 per cent of the population qualifying for this benefit. Various policies are in place to help Singaporeans move from rental to ownership status, and today nine out of ten people own their own homes. With the recent government policy of allowing singles to move out on their own, extended family co-habitation is becoming less prevalent.

Other External Factors

The political situation in Singapore is extremely stable – the People's Action Party (PAP) has been in power since independence in 1965. In recent years, Singapore has become more liberalized by encouraging free speech and a free market among its populace.

English is the language of business and administration in Singapore, and as a result of the bilingual education policy, most Singaporeans are fluent in English (71%). Interestingly, 45 per cent of the population is literate in more than two languages.

The government has made a massive commitment to the Internet and telecommunications. Every household in Singapore is hooked up for Singapore ONE service ("one network for everyone"). Over the next couple of years, every school will have computers and broadband access. The government is, in some cases, even giving away computers and free Internet access in a bid to ensure there are no technologically disadvantaged residents in the wired city. Currently, more than 40 per cent of Singaporean families have Internet access and 60 per cent own home computers.

Growth of Singaporean Outbound Travel

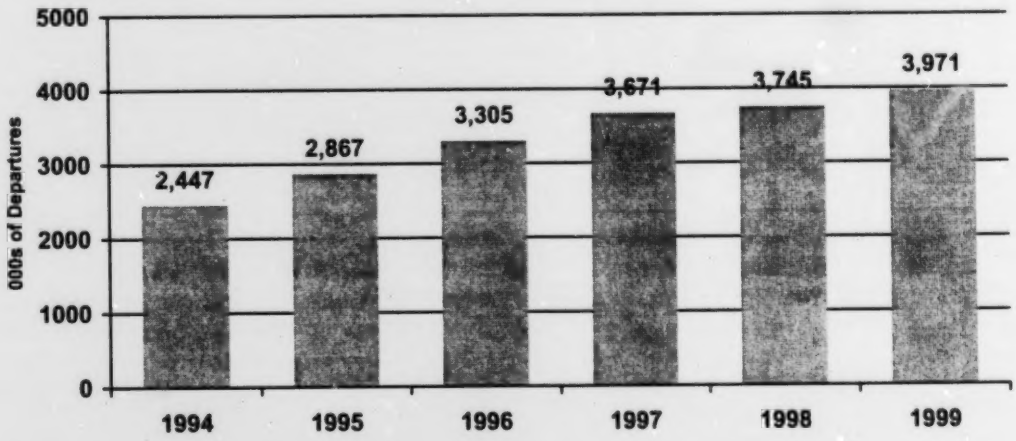
Outbound travel grew dramatically in the early to mid 1990's, catalyzed by strong economic growth, rapidly increasing personal incomes and the creation of a consumer society in which travel was seen as a high priority. As shown in *Exhibit 2-1*, departures from Singapore increased by 50 per cent between 1994 and 1997, with double-digit growth every year.

Departures slowed in 1998 (only 2% growth) as the impact of the regional crisis filtered through to Singapore. Investment and private consumption slowed, as consumer confidence decreased. People were still travelling, but instead of taking long-haul trips, they took short-haul ones within the region. As a result of this slowdown, Singapore Airlines was forced to reduce fares and capacity on many flights.

Departures bounced back in the following year with 6 per cent growth, reflecting the economic recovery in the country. Singaporeans resumed their long-haul holiday plans to Europe and the U.S. In fact, visitors to the National Association of Travel Agents of Singapore (NATAS) Travel '99 consumer exposition in March 1999 spent over 22 million Singapore dollars on outbound travel bookings in a mere two and a half days. Short-haul destinations also remained a favourite for Singaporeans looking for weekend getaways.

With close to four million departures in 1999, Singapore enjoys the second highest number of outbound trips of the four markets studied, after Malaysia. This is despite having a population that is an order of magnitude smaller than the other three markets. This results in Singapore having the highest propensity to travel abroad, with many Singaporeans taking three to four overseas trips per year, one of which is likely to be to a long-haul destination.

Exhibit 2-1 – Outbound Travel of SINGAPOREAN Nationals, 1994 to 1999



	1994	1995	1996	1997	1998	1999
% change	–	17.2%	15.3%	11.1%	2.0%	6.0%

Source: Singapore Tourism Board
Note: Excludes road/rail traffic to Malaysia.

Market Outlook

The outlook for this important source market is very bright. The market sailed through the recent economic slowdown, managing to achieve positive growth during the worst year of the crisis. Moreover, the market grew by more than 20 per cent over the last three years, emphasizing what little impact the crisis had on the outbound traveller. Singapore's economy is one of the strongest in Southeast Asia, with continued stable growth expected over the next decade. This, combined with a wealthy population and an emerging wanderlust, bodes well for the future growth of this

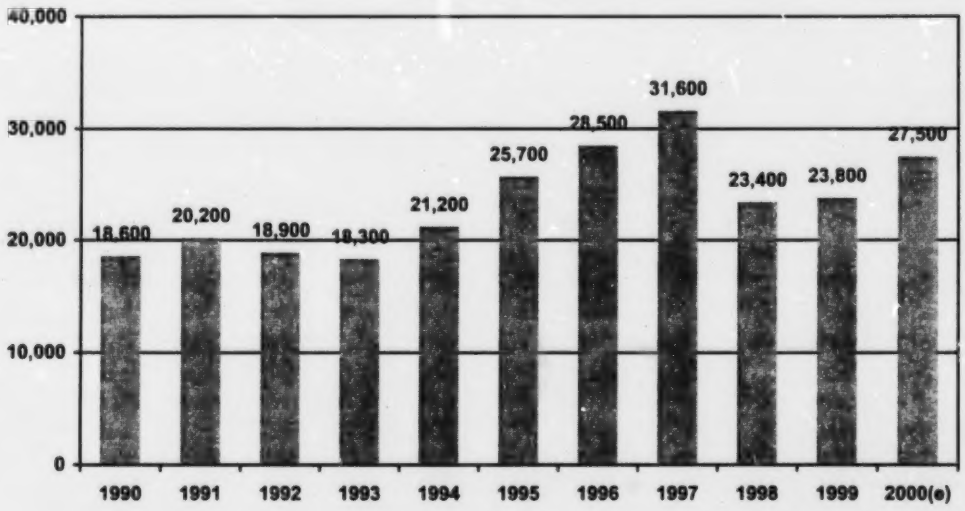
market. The only dark cloud on the horizon is that consumer confidence has been deteriorating in the face of the U.S. economic slowdown.

Singaporean Travel to Canada

Exhibit 2-2 depicts overnight arrivals to Canada from Singapore over the last decade. The market took off in 1994, exhibiting healthy double-digit growth through 1997. A significant downturn occurred in 1998 as Singaporeans pulled back to shorter-haul destinations in the wake of the Asian crisis, but things stabilized somewhat in 1999. Singaporean visitation to Canada now looks poised to regain steam, with a 16 per cent jump in arrivals in 2000.

Singapore accounts for 31 per cent of Canada's arrivals from Southeast Asia, which makes it the second largest of the region's four markets. Recently, Star Alliance partners, Singapore Airlines and Air Canada, started offering code sharing on each other's flights, which bodes well for future travel to Canada. In addition, with the U.S. waiving the visa requirement for visiting Singaporeans, there is potential for Canada to promote combined U.S. / Canada trips.

Exhibit 2-2 – Overnight Arrivals From Singapore to Canada, 1990 to 2000(E)



	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000(e)
% change	–	9%	-6%	-3%	16%	21%	11%	11%	-26%	2%	16%

Source: International Travel Survey, Statistics Canada

Exhibit 2-3 shows that Canada's share of this market declined considerably as Singaporeans retreated to shorter-haul destinations during the economic crisis. However, strong growth in arrivals in 2000 suggests that Canada may recoup some of its losses in this market.

Exhibit 2-3 – Market Share Analysis

Year	Outbound Travel of Singaporean Nationals	Total Arrivals to Canada	Canada's Market Share	Value of s$ in CDN$
1996	3,305,000	28,500	0.9%	0.9672
1997	3,671,000	31,600	0.9%	0.9342
1998	3,745,000	23,400	0.6%	0.8879
1999	3,971,000	23,800	0.6%	0.8768

Appendix B summarizes the characteristics of Singapore travellers and trips to Canada based on the International Travel Survey (ITS). Results for 1998 and 1999 were combined to increase the sample size. Key points from the ITS are as follows:

- Singaporean travel to Canada is 61 per cent vacation, 16 per cent VFR and 16 per cent business;
- Almost half (47%) of Singaporean travellers to Canada are 25 to 44 years of age;
- 34 per cent of trips are taken in April to June, and 30 per cent are taken in July to September;
- At an average of 7.9 nights, Singaporean trips to Canada are the shortest of the four markets;
- Average total trip expenditures are the lowest at $978, which may reflect the shorter trips;
- Top activities in Canada are shopping (91%), sightseeing (84%) and fine dining (50%).

Competitive Destinations

Almost 80 per cent of all outbound trips taken by Singapore residents are within *Southeast Asia*, based on world-wide arrivals (WTO/PATA). Within the region, the most popular destination is neighbouring Malaysia, which accounts for 69 per cent of total arrivals. Indonesia and Thailand are also key destinations, offering culture and shopping opportunities.

Long-haul travel is becoming more popular as the market matures, with many travellers taking one long-haul trip each year. Outside Southeast Asia (*Exhibit 2-4*), destinations in *Northeast Asia* account for the lion's share of Singaporean travel, with Northeast and Southeast Asia together capturing 92 per cent of arrivals. Hong Kong is a popular multi-destination trip among Singaporean travellers, who perceive such trips as offering better value for money. Trips to Hong Kong are often combined with destinations such as China, Korea and Thailand. China attracts considerable VFR travel among Singapore's ethnic Chinese community and is increasing in popularity as more people become interested in learning about their family roots. Taiwan, Japan and Korea are also popular travel destinations in the northeast.

Outside of Asia, the main destination for travel is Australia, which is actively targeting FIT travellers with new destinations and new products. Combined Australia / New Zealand trips are also common. Within Europe, the U.K. is a popular vacation spot, enjoying strong historical and cultural links with Singapore.

The U.S. is another Singaporean favourite. The U.S. recently developed a Visa-Waiver Pilot Program (VWPP), which will help to stimulate further travel to this country. Many Singaporeans

already have multiple entry visas to the U.S., so the main impact for this market will be on those without visas.

Destinations showing strong growth since 1995 include South Asian destinations (Bangladesh and Nepal) and Northeast Asian destinations (South Korea and Japan). However, more and more, Singapore travellers are looking for new and exotic destinations such as the Russian Federation and Mauritius (Africa). Nordic countries (Denmark, Finland, Sweden) have also seen an increase in Singapore visitors, triggered partially by an increase in the number of direct flights from Singapore to Copenhagen via Singapore Airlines.

Exhibit 2-4 – Top Destinations Outside Southeast Asia For Singapore Travellers

Top Destinations (1999)	000's
Hong Kong	370
China	352
Australia	267
U.S.	118
U.K.	113[2]
Taiwan	86
South Korea	75
Japan	68
Fastest Growing Destinations (1999 vs 1995)	**% Growth**
Russia Federation	137%
South Korea	95%
Japan	66%
New Zealand	59%
Nepal	46%[1]
Mauritius	41%
Bangladesh	40%

Source: World Tourism Organization based on overnight arrivals
Note: Based on reporting countries only, for example, Germany and a number of other countries do not report to the WTO and are excluded. WTO arrivals data cannot be added as they include double-counting (i.e., more than one country may be visited on a single trip).
[1]*Note 1998 vs 1995.*
[2]*British Tourist Authority.*

Outbound Travel Patterns and Trends

The following summarizes the available information from a variety of different sources, most of which are qualitative in nature.

Demographics and Key Segments

- Despite the fact that the young adult population is shrinking, there will be continued demand from the 15 to 35 age group. Youths typically look to FIT travel opportunities, focusing on new activities and emerging destinations. Key interests for this group include beach, winter sun, skiing, diving, trekking and self-drive holidays.

- The Middle Aged segment (40 to 59) has high discretionary income and represents 30 per cent of all consumers. They tend to be seasoned travellers who are looking to escape the stresses of urban life. They are interested in interacting with nature, new experiences and friendly people, all set against a backdrop of unspoiled nature and scenery.
- With the average age of retirement on the rise, the retired segment now enjoys higher income levels. These travellers are looking for recreational products that include beach, cruises, pilgrimages, golf, and city touring.
- Females now outnumber males in Singapore, which has led to an increase in travel by women. The 'Financially Independent Female' is a strong segment for future travel, with safety and ease of travel being important travel motivations for this group.
- Group Independent Travellers (GIT) are also an important segment in this market, and typically include families travelling with children and/or senior parents. Their trips tend to be focused around the school holidays and include winter sun, cruises, theme parks, and culturally-based holidays.

Trip Characteristics

- Increased income levels have enabled a greater proportion of the population to undertake tours previously reserved for the wealthy. People with average levels of disposable income can now afford to travel to nearby countries, while those of greater financial means are opting for long-haul travel.
- One-third of Singapore travellers take at least 15 days of vacation each year, and for the wealthy, much of this vacation period is reserved for long-haul travel. Beyond their main long-haul holiday, with an average work week of 5.5 days, many Singaporeans don't have much time to travel, and look for shorter getaway trips within the region.
- Singaporean travellers are becoming increasingly sophisticated and gradually moving from group tours to independent travel. They want flexibility in booking accommodation and transportation, as well as a variety of vacation activity options. This has led to more free and easy packages, with lots of opportunity for free time and customization by the traveller.
- Future travel patterns will include FIT travel with a greater emphasis on sports, recreation and soft adventure, as opposed to the standard sightseeing and shopping holiday packages.
- The main booking periods are March and October for travel taken during the school holidays in May/June and the end of November/December. While bookings are typically made up to two months ahead of departure, longer booking horizons (3 to 6 months) are the norm for long-haul trips taken during the year-end holidays.
- Currently most bookings are made through the travel trade, but a trend towards direct booking, especially through the Internet is expected. Today's well-educated travellers often have a much greater awareness of the places they wish to visit and are not so reliant on travel agents as they were in the past. However, it is felt that GIT and special interest travellers will continue to use travel agency services for their specialized knowledge and expertise.
- Singaporeans typically go for "value for money" packages. They will check with several travel agencies before making a final decision on which tour package to book, and use the

Internet for price comparisons and direct purchases for FIT travel. However, they don't mind spending more on a particular product if they think it is worth it.

- Singapore travellers do not spend huge amounts of money upfront for their vacations. Extended payment or monthly instalment schemes, which enable travellers to take up to a year to pay for their trips, are commonly used in this market.

Vacation Interests and Travel Motivations

- The desire to escape the stresses of urban life has created a demand for "green" and scenic eco-destinations. City breaks remain popular, but only when balanced with natural landscapes.
- Shopping remains a popular trip activity for Singapore travellers, and most want it included in their itineraries. Singaporeans look for local products not available at home, as well as branded goods offered at high street prices.
- Singaporeans enjoy food, and look for different culinary experiences when travelling. Wine and food tours are popular, especially among couples and singles. However, despite their openness to new foods, Asian cuisine must still be incorporated into the itinerary at least part of the time.
- Most Singaporeans see travel as a means of broadening their knowledge and life experience; they are not looking for "touristy" things. Most want to visit new and different places, but there is also good potential for repeat travel, with a third of travellers returning to destinations previously visited.
- As travellers become even more sophisticated, special interest tourism is gaining in popularity. Adventure travel (e.g., mountaineering, scuba diving, hiking) is being incorporated into more and more itineraries. Other popular niche travel experiences include golf holidays, skiing and whale watching.
- Cruise travel is also picking up, with Singaporeans enjoying exotic cruises in Alaska, the Caribbean, Australia and the Mediterranean.
- Religious pilgrimages is another common type of holiday for some Singapore travellers. Tours to Buddhist temples in China, India and Sri Lanka are popular, as are pilgrimages to the Vatican and the Middle-East.

Key Industry Trends

- All international departures from Singapore are from Changi International Airport, which is recognized as the region's principal hub. Work has begun on a third terminal, to be operational by 2005, which will raise the airport's total capacity to 65 million. The Singapore government has also started a major reclamation programme to allow construction of a third runway at the airport by 2015.
- Singapore's state-of-the-art Changi international airport is technologically advanced. Passengers can use an interactive ticketing machine to purchase international airline tickets, can check themselves onto their flight using the self-service counters and can access the Internet and send and receive emails with infrared ports that have been installed in its departure lounges.

- Airlines in Singapore have taken bold steps to replace the current commission structure for agencies by cutting commissions to zero. Singapore Airlines, the nation's foremost carrier, has taken the lead in eliminating commissions and aims to fully implement this by October of this year. The travel agency industry is understandably concerned, and some agencies have begun to charge fees for their services to make up for lost revenue.
- There are approximately 600 travel agencies in Singapore, most of which focus on regional travel. The number of IATA travel agencies in Singapore has been hovering around 190 to 200 since 1996, with no major increases or decreases seen in the number of operating agencies.
- Many agents are forming alliances / consortiums in an effort to save costs and strengthen their negotiating positions. For example, Dream Alliance is a group of Singapore outbound agents who banded together in 1998. Members include AirRelated, GBC, Anglo-French Travel, Diners World, Ken-Air Tours, Santa Holdings, Sime Travel, Thomas Cook and UOB Travel Planners. They are expected to rollout generic Dream Alliance travel products over the next 12 months.
- The government's emphasis on establishing Singapore as a regional centre for e-commerce will no doubt result in rapid development of the use of the Internet by the tourism industry. A significant rise in the number of electronic bookings is expected.
- Information technology will guide the fate of distribution, and travel agents will have a different profile in the future. NATAS is supporting its members in their IT development efforts and in embracing e-commerce applications by developing a e-commerce Virtual Travel Mall. Recently, AsiaOne has set up a mega-travel mall for on line customers.

The Singapore Long-Haul Pleasure Travel Market

Size of the Long-Haul Pleasure Market and Potential For Canada

The incidence rate for Singaporean long-haul pleasure travel was determined from the omnibus survey. This incidence rate includes adults (18 to 64), who have taken a long-haul pleasure trip of four nights or more, by plane, outside Southeast Asia in the past three years and those who are definitely planning such a trip in the next two years. As shown in *Exhibit 2-5*, the incidence rate is 42.7 per cent. This includes 39.1 per cent who took a long-haul pleasure trip in the past three years and an additional 3.6 per cent who have not taken a long-haul trip in the last three years, but definitely plan such a trip in the next two years. This translates into a total of 938,700 potential long-haul pleasure travellers in Singapore.

Exhibit 2-5 – Size of The Potential Singapore Long-Haul Pleasure Travel Market

Total Population (2000 estimate based on 1990 census)	3,263,200
Approximate Adult Population in Singapore (18 to 64)	2,198,400
Incidence of Travel:	
Pleasure Travellers to Long-Haul Destinations (Past Three Years)	39.1%
Planning Long-Haul Pleasure Trip (Definitely Planning Next Two Years)	3.6%
Incidence of Long-Haul Pleasure Travellers [1]	42.7%
Potential Singaporean Long-Haul Pleasure Travellers	**938,700**

Potential for Canada:	
Interest in Visiting Canada in the Next Five Years (Very + Somewhat Interested)	50.9%
Potential Pleasure Visitors To Canada in the Next Five Years	**477,800**

Source: Singapore Omnibus, February 2001

The omnibus survey showed that 50.9 per cent of Singaporean long-haul pleasure travellers are interested in visiting Canada in the next five years. Based on a total potential market of 938,700 travellers, this translates into 477,800 potential travellers to Canada over a five-year timeframe.

The potential market to Canada may not seem very large at first, but this has more to do with Singapore's small population than with a low potential for long-haul travel. In fact, the long-haul incidence rate of close to 43 per cent is far higher than in most of Canada's primary markets (e.g., Germany, France, the U.K., Japan) as well as other Asian markets (e.g., South Korea and Taiwan)[1]. Most of these other markets have an incidence in the 20 per cent to 30 per cent range, which suggests that Singapore is a market of avid long-haul travellers. Even when the definition of long-haul is narrowed to outside both Southeast and Northeast Asia, the long-haul travel incidence is still high at 32 per cent.

Demographics of Singaporean Long-Haul Pleasure Travellers

Exhibit 2-6 shows the demographic characteristics of Singaporean long-haul pleasure travellers. Long-haul travellers in this market tend to be Chinese, 25 to 44 years old, married, with monthly household incomes in excess of S$4,000 per month roughly (CDN$41,000 per year).

The exhibit also profiles those interested in visiting Canada in the next five years. Compared with those who are not interested in visiting Canada, they are younger (47% are 18 to 34) and better educated (39% have university education).

Exhibit 2-6 – Demographic Characteristics of Singaporean Long-Haul Pleasure Travellers

Characteristics	All Long-Haul Pleasure Travellers (N=416)	Travellers Interested In Canada (N=215)	Travellers Not Interested In Canada (N=201)
Age:			
18-24	11%	12%	9%
25-34	30%	35%	25%
35-44	30%	30%	30%
45-54	17%	14%	20%
55-64	12%	9%	16%
Gender:			
Male	49%	45%	53%
Female	51%	55%	47%
Ethnic Origin:			
Chinese	83%	80%	87%
Malay	7%	8%	6%
Indian	8%	11%	6%
Marital Status:			
Single	28%	29%	28%
Married / Partnered	70%	70%	70%

[1] These international studies were done at various points over the last eight years, so incidence rates may have changed.

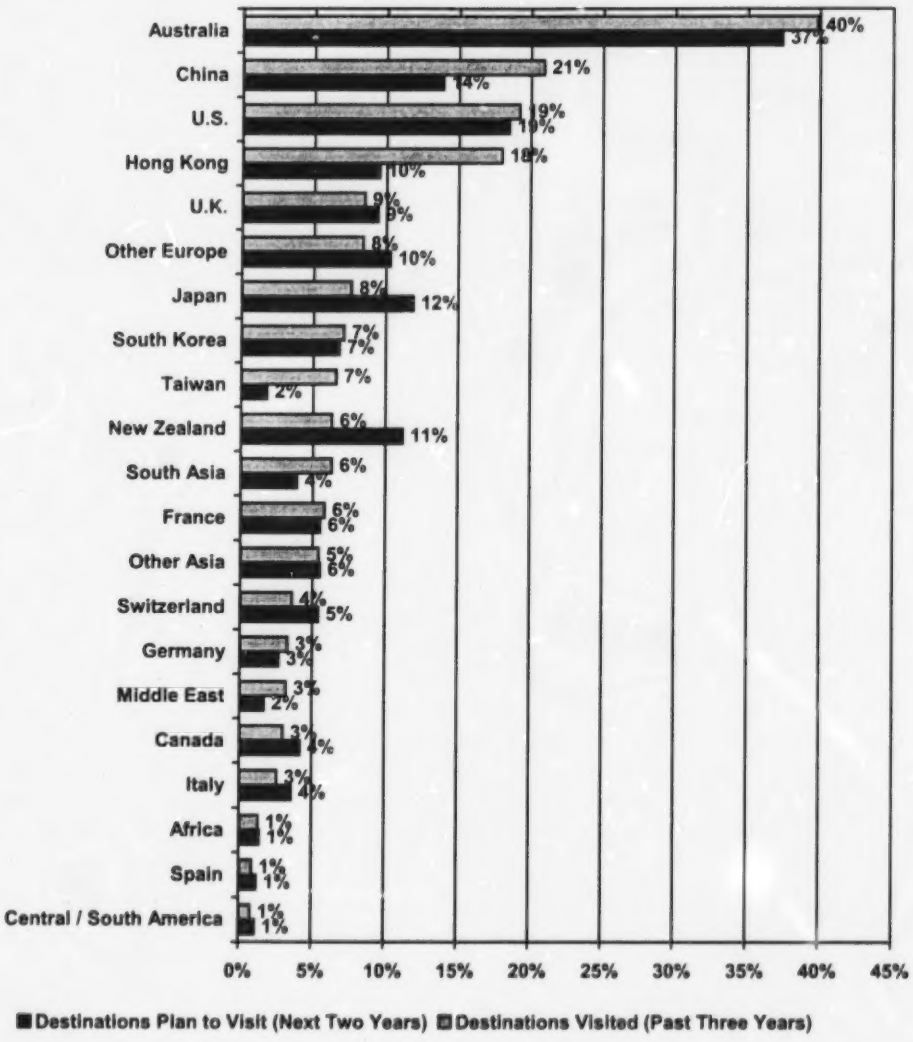
Characteristics	All Long-Haul Pleasure Travellers (N=416)	Travellers Interested In Canada (N=215)	Travellers Not Interested In Canada (N=201)
Separated / Divorced / Widowed	2%	1%	2%
Educational Level:			
No Formal Schooling / Primary School	10%	6%	15%
(F1-F3) Junior Secondary School	10%	7%	13%
(F4-F5) Senior Secondary School	32%	31%	33%
Technical / Vocational Training	17%	17%	16%
University / Post-Graduate	31%	39%	24%
Working Status:			
Working Full Time (30+ hours)	67%	66%	69%
Working Part Time (Less than 29 hours)	5%	7%	4%
Student	7%	7%	6%
Retired	3%	3%	3%
Unemployed / Non-working Housewife	18%	18%	18%
Monthly Household Income:			
Less than S$2,000	10%	9%	12%
S$2,000 to S$3,999	25%	23%	27%
S$4,000 to S$5,999	31%	33%	27%
S$6,000 to S$9,999	17%	15%	20%
S$10,000 or more	17%	20%	14%

Source: Singapore Omnibus, February 2001
Base: Those who took a long-haul pleasure trip outside Southeast Asia, of four nights or more by plane in the past three years, or who plan to take one (definitely) in the next two years.

Destinations Visited by Singaporean Long-Haul Pleasure Travellers

Exhibit 2-7 shows the top destinations that Singapore long-haul pleasure travellers visited in the past three years or intend to visit in the next two years according to the results of the Omnibus survey. Respondents were asked to indicate only those destinations outside Southeast Asia that they had visited (or intend to visit) by plane for four or more nights.

Exhibit 2-7 – Destinations That Singapore Long-Haul Pleasure Travellers Visited in the Past Three Years or Intend to Visit in the Next Two Years



Source: Singapore Omnibus, February 2001
Base: Those who took a long-haul pleasure trip outside Southeast Asia, of four nights or more by plane in the past three years, or who plan to take one (definitely, very likely or somewhat likely) in the next two years. Destinations Visited (n=378); Destinations Plan to Visit (n=513).

Australia and China are the top destinations for long-haul pleasure travellers. Outside of the Asia-Pacific region, the U.S and the U.K. are the most popular travel spots. Canada is currently not a top destination for Singaporean long-haul travellers, ranking 17th for past travel and 13th for future travel.

Future travel patterns appear to be quite similar to the past, with the only real differences being potentially less travel to China /Hong Kong, and more travel to New Zealand.

Malaysia

Over the last two decades, Malaysia has evolved from an exporter of palm oil and rubber, to an Asian leader in the electronics sector. More importantly, the world now views Malaysia as a developed country, and Malaysians have developed a taste for travel. This chapter presents an overview of this dynamic market and the potential that it offers for Canada.

External Environment

Economic Situation

The Malaysian economy was one of the fastest growing economies in the world prior to the Asian crisis in 1997. In fact, a year earlier, the OECD had designated Malaysia as one of the six "dynamic economies" in Asia. However, along with South Korea, the country suffered one of the worst collapses in the region as the financial crisis kicked in. In 1998, the Kuala Lumpur Stock Exchange plummeted to a nine year low, and the ringgit took a substantial tumble (falling more than 40% against the U.S. dollar). In the second quarter of 1998, the economy contracted to an extent not seen since the country's birth, with further contractions in both the third and fourth quarters.

Late in 1998, the government decided to implement selective currency controls to stabilize the Ringgit and defend itself against foreign currency speculation, which had been resulting in a massive outflow of currency from the country. The economy responded by turning around in early 1999, ending the year with 5.8 per cent growth in the GDP. The stock market (Kuala Lumpur Composite Index) leapt by 188 per cent between August 1998 and July 1999, and consumer confidence and spending began to recover.

Continued growth was seen in 2000 (9.3% growth in each of the first two quarters of the year), with the year forecasted to end up at 7.5 per cent growth. The Malaysian Institute of Economic Research (MIER) has forecasted 5.0 per cent growth in the GDP for 2001. This was revised downwards from 6.0 per cent due to lower consumer confidence and uncertainty in the stock market. Malaysia may also be affected by the slowdown in the U.S. economy, since the U.S. is a major export market for Malaysia's electrical and electronic products.

Social Landscape

Ten years of remarkable economic growth prior to the Asian crisis has created a wealthy Malaysian middle class, which is growing more prosperous year by year. Moreover, compared with other Asian countries, Malaysia has made considerable progress in reducing poverty, with the country's wealth more evenly distributed than in some surrounding nations. The October 2000 budget contained further measures to benefit low and middle-income groups via higher tax rebates in 2001, which should result in higher spending power for these groups.

Malaysia's three main ethnic groups – Malay (58%), Chinese (26%) and East Indian (7%) – have managed to coexist successfully despite a certain animosity between the cultures. Chinese immigrants to Malaysia have become a major force in the industrialization and economic growth of the country, dominating the business sector and controlling much of the nation's wealth. The Chinese have a particularly strong profile in Kuala Lumpur and Penang, where they outnumber native Malays ("Bumiputra"). On the other hand, the Bumiputra have a strong hold on the government, and in recent years, the redistribution of wealth from the Chinese to ethnic Malays has become official government policy. Ethnic Indians have not fared as well, with many still

working in the poorly paid agricultural sector, thus limiting their potential for international travel.

Malaysia has a much lower cost of living than Singapore does, with property prices also lower. However, salaries are also lower than in Singapore, despite generous employee benefits and bonuses that often double an individual's official salary. In addition, "under the counter" payments and "gifts" are common for civil servants, while bribery payments are widely used to speed up processes and approvals. These all help to boost Malaysian incomes above stated levels.

Malaysian incomes are growing rapidly, with the average household income expected to increase from US$7,800 to US$11,393 (i.e., cumulative growth of 46%) by 2010. According to Asian Demographics, Malaysia currently exhibits many of the characteristics that Taiwan and South Korea did in the early 1990s, just prior to the boom of the consumer markets in those countries. This suggests that the Malaysian market has potential to take off in a big way over the next decade.

Malaysia's unemployment rate is fairly low (3.4% in 1999). In fact, there is a shortage of both skilled and unskilled workers in the country, and Malaysia relies heavily on foreign workers for its labour force.

Other External Factors

Malaysia has the advantage of being fairly stable politically, compared with other countries such as the Philippines and Thailand. Prime Minister Mahathir has been in power for close to 20 years, and has been relatively successful in controlling racial tensions, despite the presence of radical Muslim elements.

Recently, the government's heavy criticism of Westerners and foreigners has created a mistrust of Westerners. In addition, the government "strong encouragement" to "Buy Malaysian" has reduced demand for Western products. This is true for travel as well, with the government strongly pushing domestic travel. In fact, in 1998, the Ministry of Culture, Arts and Tourism stopped issuing licenses for outbound travel agencies, hoping to curb the flow of outbound Malaysians.

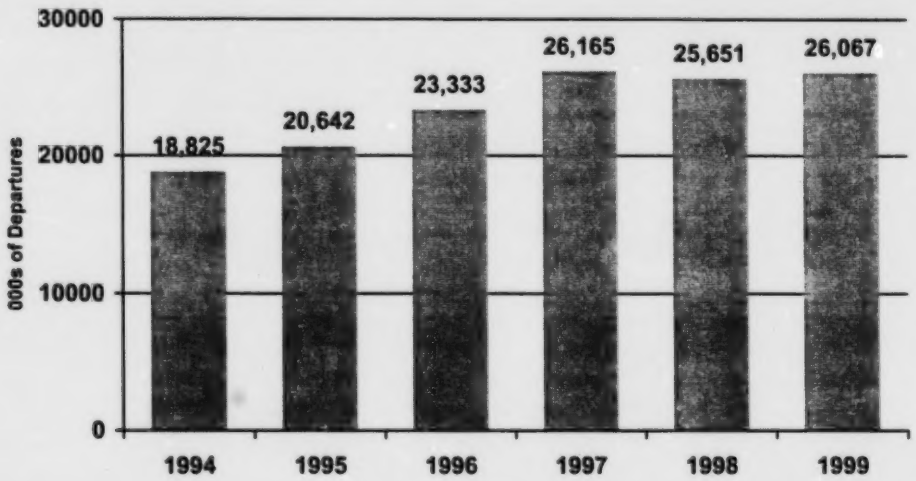
Growth of Malaysian Outbound Travel

Fueled by the country's growing prosperity and ever increasing air access to international destinations, outbound travel grew at a healthy clip (i.e., 12% to 13% per annum) up until the Asian crisis struck in 1998. That year, the market declined by 2 per cent as the economy hit rock-bottom (see *Exhibit 3-1*). Moreover, the severe devaluation of the ringgit relative to western currencies during this period presented an additional barrier for Malaysians wishing to travel beyond the region. Many travel agencies ended up suffering major losses as overseas travel bottomed out, with revenues dropping by close to 60 per cent for some businesses.

Fortunately, the market, like the economy, recovered fairly quickly. Departures bounced back in 1999, with 2 per cent growth mirroring the improvement in the economic situation. However, the travel industry reports that consumers were much more price-conscious following the debacle than they used to be, opting for less expensive packages to nearby destinations. So although travel to Asia-Pacific destinations rebounded in 1999, destinations such as the U.K., the Caribbean and Africa did not experience a recovery that year. However, this slowdown in long-haul travel is likely to be temporary, and visitation figures for 2000 will likely show resumed growth.

With over 26 million departures in 1999, Malaysia experiences the highest outbound travel volumes of the four markets studied. However, it should be noted that these figures are somewhat misleading since they include excursionist traffic across the Johore Causeway to Singapore. In 1995, 78 per cent of the total departures were by road to Singapore, with only 6 per cent of the total departures by air. If flows to Singapore are excluded from the departure data, then Malaysia falls to second place behind Singapore in terms of outbound volumes.

Exhibit 3-1 – Outbound Tourism From Malaysia, 1994 To 1999



	1994	1995	1996	1997	1998	1999
% change	–	9.7%	13.0%	12.1%	-2.0%	1.6%

Source: WTO, PATA
Note: Departures from Peninsular Malaysia only. Includes departures by road to Singapore.

Market Outlook

The outlook for this market is very healthy. Malaysia has shown its ability to bounce back from the worst crisis to hit the region in many a decade, and the outbound travel market has proven to be very resilient even during tough economic times. Economic forecasts show healthy growth ahead for the country, and outbound travel will likely return to a high growth scenario, catalyzed by continued increases in disposable income and a changing, more sophisticated lifestyle.

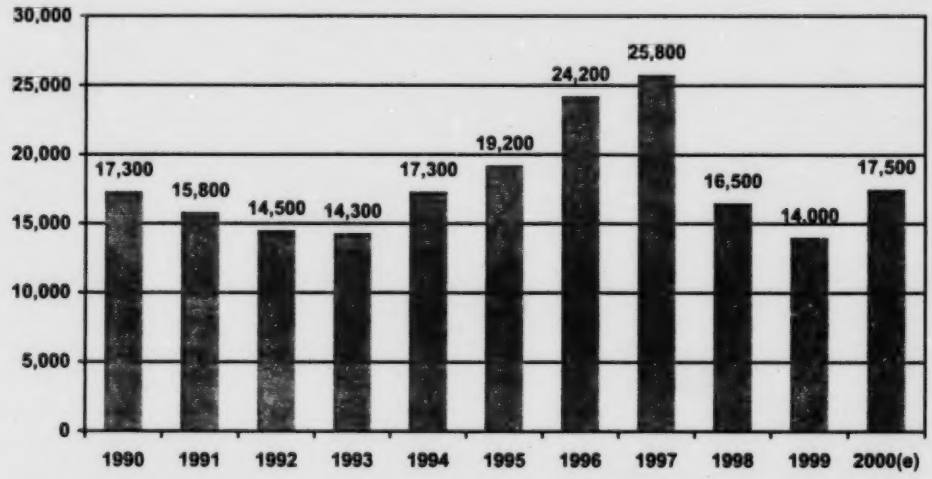
A mitigating factor is the strong push on domestic tourism, with international travel discouraged by the government, and local airlines, hotels and tour operators joining forces to introduce value-for money packages for vacations within Malaysia. Moreover, existing currency controls severely limit the amount of money travellers can take out of the country. In fact, this has created a strong demand for all-inclusive packages that are paid in full upfront. On top of this, airfares to overseas destinations will increase 10 per cent to 30 per cent this year as a result of rising fuel costs and the weaker ringgit.

Malaysian Travel to Canada

Exhibit 3-2 depicts overnight arrivals to Canada from Malaysia. As was the case with Singapore, Malaysian travel to Canada boomed between 1994 and 1996. Growth slowed in 1997 and then declined for two successive years as the country struggled to put the economy back on track. The 24 per cent devaluation of the ringgit relative to the CDN dollar in 1998 certainly didn't help any. Arrivals to Canada seem to have recovered fully in 2000, however, with preliminary figures pointing to 25 per cent growth.

With 17,500 arrivals to Canada in 2000, Malaysia ranks as Canada's third largest market in Southeast Asia, accounting for 20 per cent of all tourists from the region.

Exhibit 3-2 – Overnight Arrivals From Malaysia to Canada, 1990 to 2000(e)



	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
% change	-	-9%	-8%	-1%	21%	11%	26%	7%	-36%	-15%	25%

Source: International Travel Survey, Statistics Canada

Exhibit 3-3 shows that Canada's share of this market has declined considerably as a result of the Asian crisis, likely a result of Malaysians choosing to travel to destinations closer to home. Market share will no doubt pick up as arrivals to Canada resume their upward track.

Exhibit 3-3 – Market Share Analysis

Year	Total Malaysian Departures	Total Arrivals to Canada	Canada's Market Share	Value of ringgit in CDN$
1996	23,333,000	24,200	0.10	.5421
1997	26,165,000	25,800	0.10	.5016
1998	25,651,000	16,500	0.06	.3794
1999	26,067,000	14,000	0.05	.3911

Appendix B summarizes the characteristics of Malaysian travellers and trips to Canada based on the ITS. Again, results for 1998 and 1999 have been combined to increase the sample for analysis. According to the ITS:

- Malaysian trips to Canada are 61 per cent vacation, 28 per cent VFR and 10 per cent business. Compared with the other markets, business travel to Canada is less prevalent;
- Just over 40 per cent of the travellers are 25 to 44;
- Again, April to June (33%) and July to September (31%) are the most popular months for travel to Canada;
- Trip expenditures are the highest of the four markets at $1,398;
- Top vacation activities on Canadian trips are sightseeing (92%), shopping (87%) and visiting friends and relatives (60%);
- While in Canada, Malaysians are far more likely than other Southeast Asian travellers to engage in sports and outdoor activities, including downhill skiing. Participation in sports is at the 35 per cent level, compared with only 12 per cent to 17 per cent of travellers from the other markets.

Competitive Destinations

Roughly 58 per cent of Malaysian travel abroad is within *Southeast Asia*, as measured by arrivals world-wide (PATA / WTO). Within the region, the most popular destinations are Thailand, Brunei, Singapore and Indonesia, all of which share a border with Malaysia. Much of this travel is VFR oriented or for shopping.

Outside Southeast Asia (see *Exhibit 3-4*), destinations in *Northeast Asia* dominate, representing 30 per cent of Malaysian world-wide arrivals. Since 1995, travel to Northeast Asia has been increasing rapidly at the expense of Southeast Asian destinations, reflecting the desire of Malaysian tourists to travel further afield. China, Hong Kong, Taiwan, Japan and South Korea are all major travel destinations in the northeast. China and South Korea are very competitively priced, and China also attracts considerable VFR travel by Malyasia's ethnic Chinese. Many travellers will visit China and Hong Kong on the same trip, with Hong Kong renowned for its shopping and quality hotels.

Exhibit 3-4 – Top Destinations For Malaysian Travellers Outside Southeast Asia

Top Destinations (1999)	000's
China	373
Hong Kong	277
Australia	140
U.K.	75[1]
United States	60
Taiwan	53
India	53
Japan	52
South Korea	48
New Zealand	17
Canada	14
Fastest Growing Destinations (1999 vs. 1995)	**% Growth**
South Korea	56%
Nepal	50%[2]
China	48%
Mauritius	47%
Sri Lanka	40%
Bangladesh	31%
Pakistan	29%[2]
Australia	29%
Hong Kong	25%

Source: WTO, Based on Overnight Arrivals for All Purposes
Note: Based on reporting countries only, for example, Germany and a number of other countries do not report to the WTO and are excluded. WTO arrivals data cannot be added as they include double-counting (i.e., more than one country may be visited on a single trip).
[1] British Tourist Authority
[2] 1998 vs 1995.

Exhibit 3-4 also shows that *South Asia* is currently experiencing a Malaysian travel boom. India currently ranks as the seventh most popular destination for outbound Malaysians, which is partly due to the large number of people of Indian descent in the country. Moreover, Nepal, Sri Lanka, Bangladesh and Pakistan are all growing rapidly in popularity.

Outside of Asia, Australia, the U.K., the U.S., New Zealand and Canada are among the top destinations for Malaysian tourists (among those reporting to the WTO). Australia benefits from good air access, and has been helped along by Malaysia Airline's recent campaign to sell this destination. Australia is also a popular study destination. Within the U.S., California and Florida are popular for their theme parks, while New York City and Washington DC are chosen for city experiences. London is the top destination in the U.K., with Malaysians attracted to its cosmopolitan nature.

Outbound Travel Patterns and Trends

The following summarizes the available information from a variety of different sources, most of which are qualitative in nature.

Demographics and Key Segments

- Much of Malaysian travel is family-oriented, with family travel now perceived as making up for the time lost with both parents working. Family holidays are a way to spend quality time together, with children often playing a role in the vacation planning process. The family-oriented segment enjoys theme parks, family attractions, trekking and cultural holidays.
- The youth segment is also very large, both for vacations and study abroad, which is at least partly due to the sheer size of this segment in the overall population (44% of Malaysians are under 20). Key motivations and interests for this group include learning, trekking, theme parks, and self-drive holidays.
- Although men account for about 58 per cent of the market, travel by women, particularly younger women, is on the rise.
- Outbound incentive travel is also picking up, with many Malaysian companies using incentives to reward high sales volumes. China, Thailand and Australia are among the popular destinations for incentive travel.

Trip Characteristics

- Long-haul travel from Malaysia is predominantly via group package tours, but FIT travel is growing markedly, particularly to English-speaking destinations like Australia and the U.K.
- In general, travellers are becoming more sophisticated and demanding better quality packages. There is also increasing demand for "free and easy packages" that give travellers a range of options to appeal to varying budgets and travel interests.
- The European Travel Monitor estimates that 70 per cent of total departures are for vacations, 20 per cent are business-related, and 10 per cent are for VFR purposes. Often business travel stimulates future holiday travel in this market by familiarizing travellers with new destinations. In addition, many wealthy Malaysian businessmen take combined business-pleasure trips to evaluate potential investment opportunities in the destination country (e.g., Australia, South Africa).
- The peak travel period occurs in November/December during the main school holiday period. There are also peaks in January and May coincident with week long work/school breaks (e.g., Chinese New Year). Approximately 38 per cent of all Malaysian departures occur during these four months.
- Malaysians are increasingly taking more than one vacation per year, although many are opting for domestic destinations for their secondary holiday.
- Some destinations report that Malaysians are big spenders, even among Asian tourists. For example, prior to the financial crisis, Malaysians ranked third among all Asian markets in terms of visitor spending in Britain. However, the economic crisis has left Malaysian consumers more cautious about making travel purchases.

Vacation Interests and Travel Motivations

- Malaysian consumers are very prestige and brand conscious in every facet of their lives, including travel. They enjoy five-star hotels and cosmopolitan restaurants. They also love to shop, with a good part of their travel itineraries typically devoted to this activity.
- Other than shopping, vacation activities and experiences favoured by Malaysians include cities and theme parks. Malaysian tourists also enjoy night life, casinos, theatre/shows and other forms of entertainment.
- Malaysians enjoy taking beach resort vacations to exotic destinations in tropical climates. However, there has been a trend away from the popular, crowded beach resorts to more isolated spots that offer families the opportunity to spend time by themselves.
- Many Malaysians also travel to enjoy culture and history, with China a popular destination for this segment.
- Golf is a popular leisure and vacation pursuit for many Malaysians, with Australia (specifically Perth) being one of the most popular destinations for golf holidays. In 1999, Malaysia Airlines (Golden Holidays) offered special World Cup Golf packages giving golf enthusiasts the choice to participate in or watch the tournament.
- As travellers become more sophisticated, special interest tourism has begun to take off. For example, diving is gaining in popularity among the more affluent segment of the population and dive tourism is growing as divers look for new and unique places to dive. Wild-life parks (e.g., in South Africa) and adventure travel are other growing niches.
- In terms of accommodation, there is an increasing demand for self-catered accommodation and apartment-hotels.
- Increased demand for health-related holidays has been noted in the family, retired and FIT segments.

Key Industry Trends

- The new Kuala Lumpur International Airport (KLIA) opened in 1998, and is one of the largest international airports in the region. It has the capacity to handle 25 million passengers annually, with phased expansions that will expand capacity to 35 million by 2008, 45 million by 2012, and 60 million by 2020. The government hopes the new facility will eventually become a major airline hub in Southeast Asia.
- The national airline is Malaysian Airline System (MAS), which is also Southeast Asia's biggest airline. The airline is undergoing a transition to part privitization, but things have not gone smoothly. The government recently regained control of the carrier from the local company Naluri, and the Ministry of Transport has announced that it is considering a new technical or equity partner for the airline. Both local and foreign companies are being considered, although there is considerable pressure for local ownership. Complicating the situation is the fact that the troubled airline has not made a profit in four years.
- In 1995, there were over 2,200 travel and tour agencies registered with the Ministry of Culture, Arts and Tourism, with over a third located in Kuala Lumpur. According to IATA, the number of travel agencies in Malaysia increased steadily until about 1997, and has been declining since then. Many agencies suffered when the overseas market collapsed in 1998, and today, margins are lower than ever.

- Like countless other markets around the world, Malaysian travel agencies are grappling with commission cuts by the airlines, largely as a result of direct access to consumers through their websites.

The Malaysian Long-Haul Pleasure Travel Market

Size of the Long-Haul Pleasure Market and Potential For Canada

Based on the omnibus survey in Peninsular Malaysia (adults 18 plus), the incidence of long-haul pleasure travel is estimated at 32.6 per cent. This includes 25.7 per cent who took a long-haul pleasure trip of four nights or more, by plane, outside Southeast Asia in the past three years and an additional 6.9 per cent who have not taken such a trip in the last three years but definitely plan one in the next two years. As shown in *Exhibit 3-5*, this translates into a potential market of 2,989,100 long-haul pleasure travellers in Malaysia.

The relatively large population (compared with Singapore) and high long-haul travel incidence (compared with the other two markets) combine to make Malaysia the largest potential market in Southeast Asia. At close to 3.0 million, the potential market in Malaysia is one and a half times larger than the next largest long-haul market (Thailand). In fact, the 3.0 million figure may be somewhat conservative since the less developed states of Sabah and Sarawak on the island of Borneo are excluded from this estimate.

The exhibit also shows that 52 per cent of Malaysian long-haul pleasure travellers are interested in visiting Canada in the next five years, which means that the potential market for Canada is over 1.5 million travellers. Again this makes Malaysia by far the largest of the Southeast Asian markets in terms of potential for Canada.

Exhibit 3-5 – Size of the Potential Malaysian Long-Haul Pleasure Travel Market

Total Population (Peninsular Malaysia; 1995)	15,854,600
Approximate Adult Population in Peninsular Malaysia (18+)	9,168,940
Incidence of Travel:	
Pleasure Travellers to Long-Haul Destinations (Past Three Years)	25.7%
Planning Long-Haul Pleasure Trip (Definitely Planning Next Two Years)	6.9%
Incidence of Long-Haul Pleasure Travellers [2]	32.6%
Potential Malaysian Long-Haul Pleasure Travellers	**2,989,100**
Potential for Canada:	
Interest in Visiting Canada in the Next Five Years (Very + Somewhat Interested)	52.0%
Potential Pleasure Visitors To Canada in the Next Five Years	**1,554,300**

Source: Malaysia Omnibus, February 2001
Note: States of Sabah and Sarawak on the island of Borneo are excluded.

Demographics of Malaysian Long-Haul Pleasure Travellers

Exhibit 3-6 shows the demographic characteristics of Malaysian long-haul pleasure travellers, as well as those who are interested in visiting Canada. Long-haul pleasure travellers in general tend to be 30 to 59 years of age (i.e., older than in Singapore), married, with a fifth having incomes of more than 5,000 ringgits per month (around $CDN23,000 per year). Not surprisingly long-haul travellers are wealthier than the population at large, with the average household income of

Malaysians in general being closer to 2,300 ringgits per month. Although Chinese represent only 26 per cent of the Malaysian population, they make up 44 per cent of the long-haul pleasure travel market.

About half of all long-haul pleasure travellers live in Kuala Lumpur or Selangor, so these might be good areas to target. Selangor is the state that surrounds Kuala Lumpur and is fairly prosperous, with many of its residents commuting to Kuala Lumpur to work.

Compared with other long-haul travellers, those interested in visiting Canada are more likely to be Chinese (54%), better educated (47% have university education) and hold professional or executive positions (39%). They also tend to have much higher household incomes, with 47 per cent earning more than 4,000 ringgits, compared with just 22 per cent of those not interested in Canada.

Exhibit 3-6 – Demographic Characteristics of Malaysian Long-Haul Pleasure Travellers

Characteristics	All Long-Haul Pleasure Travellers (N=324)	Travellers Interested In Visiting Canada (N=167)	Travellers Not Interested In Visiting Canada (N=157)
Age:			
18-24	21%	18%	25%
25-29	11%	12%	11%
30-39	30%	32%	26%
40-59	30%	32%	28%
60+	8%	7%	10%
Gender:			
Male	57%	61%	53%
Female	43%	39%	47%
Race:			
Malay	47%	36%	59%
Chinese	44%	54%	34%
Indian	7%	8%	6%
Marital Status:			
Single	32%	29%	34%
Married / Partnered	68%	70%	64%
Separated / Divorced / Widowed	1%	1%	2%
Educational Level:			
None/Primary/Secondary	15%	10%	21%
Senior Cambridge – GCO	32%	32%	32%
High School - GCE	11%	11%	12%
University – Diploma	25%	25%	25%
University – Degree / Post Graduate	17%	22%	11%
Occupation:			
Professional / Managerial	14%	21%	6%
Executive – Middle Management	11%	18%	4%
Lower Management	7%	6%	8%
Other White Collar - Sales / Clerical	5%	5%	6%
Skilled Labour / Unskilled Labourer	12%	12%	11%
Student	15%	14%	16%

Characteristics	All Long-Haul Pleasure Travellers (N=324)	Travellers Interested In Visiting Canada (N=167)	Travellers Not Interested In Visiting Canada (N=157)
Housewife	13%	11%	15%
Retired	10%	6%	15%
Unemployed	3%	2%	3%
Monthly Household Income (RM):			
RM 1,500 or less	21%	19%	24%
RM 1,501 to RM 2,000	13%	4%	21%
RM 2,001 to RM 3,000	18%	18%	18%
RM 3,001 to RM 4,000	13%	12%	15%
RM 4,001 to RM 5,000	15%	19%	11%
Above RM 5,000	19%	28%	11%
State:			
Johor	10%	13%	8%
Kedah	5%	1%	10%
Kelantan	3%	3%	2%
Melaka	3%	3%	3%
N. Sembilan	2%	2%	3%
Pahang	2%	1%	3%
Perak	10%	10%	10%
Perlis	1%	0%	1%
P. Penang	10%	8%	13%
Selangor	27%	30%	24%
Terengganu	4%	6%	2%
W. Persekutuan (Kuala Lumpur)	23%	24%	22%

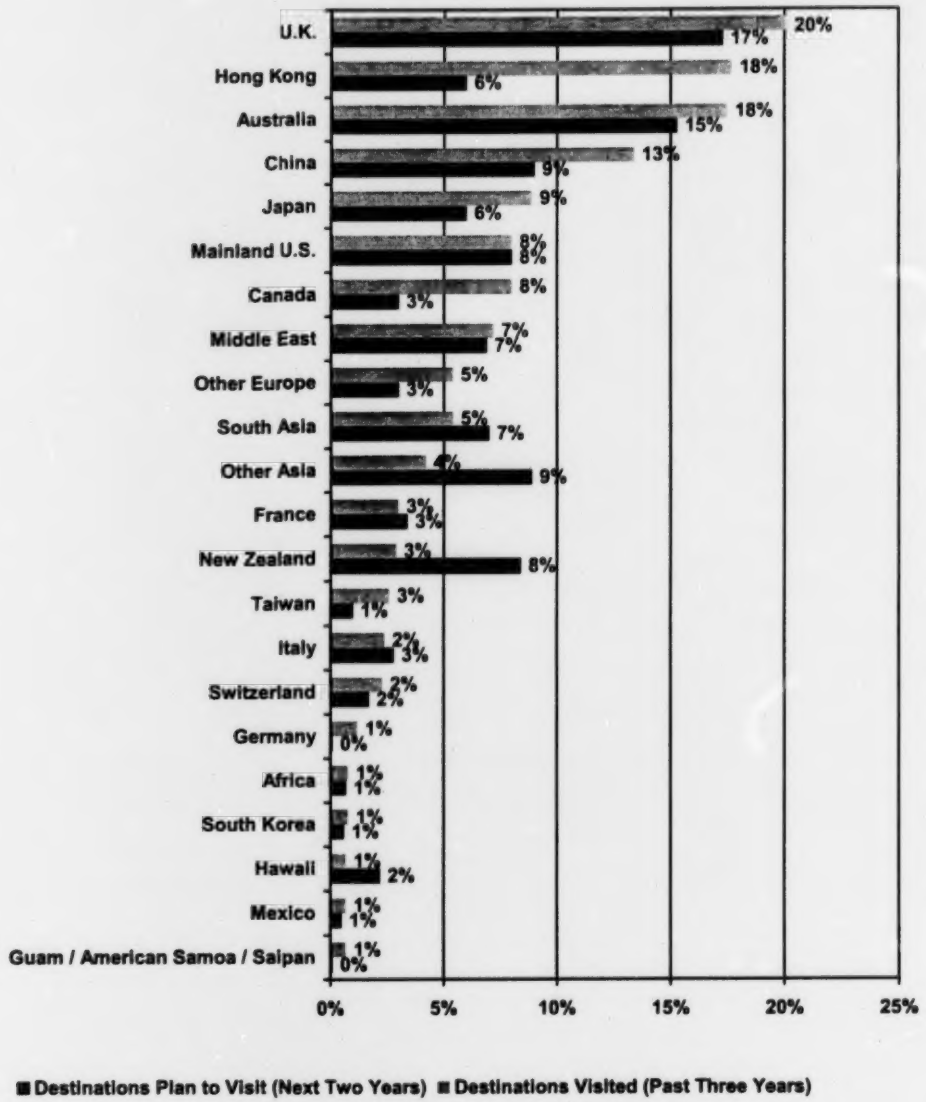
Source: Malaysia Omnibus, February 2001
Base: Those who took a long-haul pleasure trip outside Southeast Asia, of four nights or more by plane in the past three years, or who plan to take one (definitely) in the next two years.

Destinations Visited by Malaysian Long-Haul Pleasure Travellers

Exhibit 3-7 shows the destinations that Malaysian long-haul pleasure travellers visited by plane for four or more nights in the last three years or intend to visit in the next two years. The top destinations visited are the U.K., Hong Kong, Australia, China and Japan. Canada ranks 7th in terms of destinations visited in the past three years, but falls to 11th place in terms of future destinations.

Like in Singapore, there may be somewhat less travel to Northeast Asian destinations (e.g., Hong Kong) in the future and more travel to New Zealand, if long-haul travellers follow through on their travel plans.

Exhibit 3-7 – Destinations That Malaysian Long-Haul Pleasure Travellers Visited in the Past Three Years or Intend to Visit in the Next Two Years



Source: Malaysia Omnibus, February 2001
Base: Those who took a long-haul pleasure trip outside of Southeast Asia, of four nights or more by plane in the past three years, or who plan to take one (definitely, very likely or somewhat likely) in the next two years. Destinations Visited (n=249); Destinations Plan to Visit (n=588).

Thailand

The cultural philosophy of the Thai populace, *"looking after today rather than tomorrow,"* filters through every aspect of their lives – and is reflected in the country's politics as well as in the people's fondness for shopping and status building. This philosophy spills over to travel as well, with Thais being big spenders, particularly when it comes to shopping. This section presents an overview of this noteworthy outbound market.

External Environment

Economic Situation

After a decade or more of impressive economic expansion, led by a strong manufacturing sector, Thailand was the first country to fall victim to the regional economic crisis in Asia. Thailand's economy came to a crashing halt in mid-1997, following a sharp decline in both the stock market and the currency (the Baht). Despite an IMF bailout package and government initiatives to stabilize the currency and bring interest rates down, Thailand's economy fell into a recessive state, contracting by close to 10 per cent in 1998.

In 1998, the average household income in Thailand dropped by 9 per cent, due in part to massive layoffs in the manufacturing and financial services sectors. Over one million people were laid off, causing the unemployment rate to jump from 0.9 per cent in 1997 to 3.4 per cent in 1998. However, analysts indicate that the slide could have been much worse, if not for the strong agriculture sector that continued to perform well during the crisis.

It wasn't until 1999 that the economy began expanding again, with a 4.2 per cent growth in GDP, led by a recovery in the manufacturing and financial services sectors. Thailand's third major sector – the tourism industry – also helped the recovery along, with visitor arrivals showing strong growth in both 1999 and 2000. Preliminary government estimates indicate a 4 per cent to 5 per cent overall GDP growth rate for Thailand in 2000, which was downgraded from initial estimates due to higher oil prices and poorer than expected performance in the latter part of the year.

Social Landscape

Thailand has a relatively homogeneous population, with 85 per cent who speak a dialect of Thai and 90 per cent following the Buddhist religion. The population is mostly rural, and concentrated in the rice-growing areas of the central, north eastern and northern regions of the country. Fully 60 per cent of the populace is employed in the agriculture industry.

A wealthier urban population is emerging as the country continues to industrialize, with cities like Bangkok growing rapidly in prosperity. This burgeoning new middle-class is a highly influential part of Thai society, driving new trends and purchasing patterns. Consumerism runs rampant within this group, with brand name goods and designer clothes being the ultimate measure of prestige and success. Likewise, travel abroad to a fashionable and expensive destination is viewed by this group as projecting an image of affluence and distinguishing them from members of the lower class.

Prior to the economic crisis, poverty in Thailand was declining steadily, with the country's poverty index falling from 33 per cent in 1988 to 11 per cent in 1996. Those living below the poverty line were concentrated primarily in the poor farming communities of the north and northeast. As economic turmoil set in, however, Bangkok residents were faced with heavy layoffs in the construction and services industries, which increased poverty levels in the city.

Those unable to find work fled Bangkok looking for opportunities in the agriculture sector, which led to increased poverty and hardships in the rural areas. By the end of 1998, the poverty index had risen to 13 per cent. Although there has been marked improvement over the last two years, the number of salaried workers has not yet reached the pre-crisis level, and is not expected to do so until 2003.

Like Malaysia, Thailand faces a shortage of skilled labour, with only 10 per cent of the population who have tertiary education (the lowest of the four markets). The government has worked hard to boost the levels of educational attainment in Thailand, for example, compulsory free education was expanded from 6 to 9 years, and support for vocational training in the scientific and technical fields has been increased. Recently, as a result of the impacts of the financial crisis, the government has introduced measures to allow parents to pay for tuition in instalments, offering scholarships and in some cases even waiving fees for those in need. These measures have led to a literacy rate of over 93 per cent for Thailand. English literacy, however, is common only among the wealthy.

Other External Factors

Thailand has endured 17 military coups since it was transformed into a constitutional monarchy in 1932. However, the last few transfers of power after recent crises have been peaceful, which suggests that Thailand may be facing less turbulent times. In addition, concentrated efforts have been made by the government in the past four years to reform political processes and reduce the political corruption that has also been widespread through the country's 20 years of democracy.

January 6, 2001 saw a landslide victory of the Thai Rak Thai party, forming the first absolute parliamentary majority in Thailand's history. While the elections were touted as the cleanest in history, Prime Minister-elect Thaksin Shinawatra is facing a possible expulsion from politics depending on the outcome of an impending investigation by the National Counter Corruption Commission. Some analysts predict that this could plunge Thailand into political and social chaos, while others predict that the Thai populace is used to weathering political upheavals without much impact.

Growth of Thai Outbound Travel

In 1991, the government lifted foreign exchange restrictions on Thai travellers and abolished the airport exit tax, opening up the outbound market. Outbound travel was strong in the early 1990s (see *Exhibit 4-1*) fuelled by strong economic growth, the growing affluence of the middle class, an increase in the number of airlines serving the market, and the introduction of frequent flyer programs.

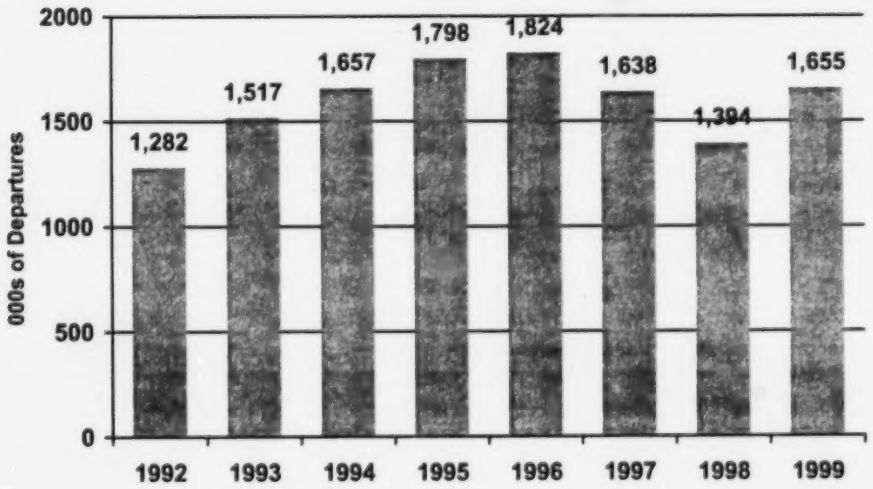
The travel boom began to slow in 1996, and a severe downturn was seen for two consecutive years as the economic crisis hit. By comparison, the Malaysian market saw only a 2 per cent dip in 1998, while Singapore sailed through the crisis without even a downturn. However, Thailand was one of the first markets to be hit by the crisis, and the effects were more prolonged. In addition, the depreciation of the baht resulted in higher international travel costs, which coupled with the economic gloom, strongly discouraged people from travelling. Indeed, many tour operators were forced to cancel sold tours due to the suddenly increased costs of travelling abroad.

While the year 1999 brought a renewed enthusiasm for overseas travel among Thai nationals, with a 19 per cent increase in Thai departures, the lion's share of this travel was concentrated on nearby Asian destinations. The preliminary estimate for outbound travel in 2000 is 1.85 million

departures, which would break the pre-crisis record set in 1996. In fact, travel through October 2000 saw 1.63 million Thai nationals travelling overseas, so meeting this forecast seems likely.

Along with supporting efforts from the Tourism Authority of Thailand (TAT) and Thai Airways, the government has been actively promoting domestic travel. The program *"Thai People Tour Thailand"* was initiated to help ease the drain on the national income brought about by strong outbound flows in 1999. This campaign has not been very successful to date as evidenced by the continued outflux of travellers in 2000. This lack of success is primarily due to the high costs of domestic packages and lack of tourism infrastructure within Thailand. As both the travel industry and consumers alike can attest, it is often cheaper and easier to travel overseas than to take a domestic trip. Moreover, tourism authorities in Asia, Australia and New Zealand are actively competing for the Thai tourist, who is often swayed by a destination's strong marketing and promotional presence.

Exhibit 4-1 – Outbound Travel of Thai Nationals, 1992 to 1999



	1992	1993	1994	1995	1996	1997	1999	2000
% change	--	18.3%	9.2%	8.5%	1.4%	-10.2%	-14.9%	18.7%

Source: Immigration Bureau, Police Department

Market Outlook

All indications are that Thailand is bouncing back from the economic crisis, which sets the stage for a parallel recovery in overseas travel. Currently, lower interest rates have people choosing to travel rather than saving their money. In addition, ongoing tourism promotion and price discounts from competing destinations and the continuing high cost of domestic travel will keep Thais travelling abroad in 2001 and beyond.

Initial estimates are forecasting continued healthy growth in the economy for 2001 (4.2%), however, economists are watching this market closely for new signs of trouble. The baht has begun to fall again after recovering slightly in 1999, and higher global energy prices and talk of a recession in the U.S. are leading to cautiousness in this market. In addition, the government is stepping up initiatives to keep Thai nationals travelling at home. Given that outbound volumes in

this market are closely tied to the country's economic performance, the future of this market is perhaps more uncertain than in Singapore or Malaysia.

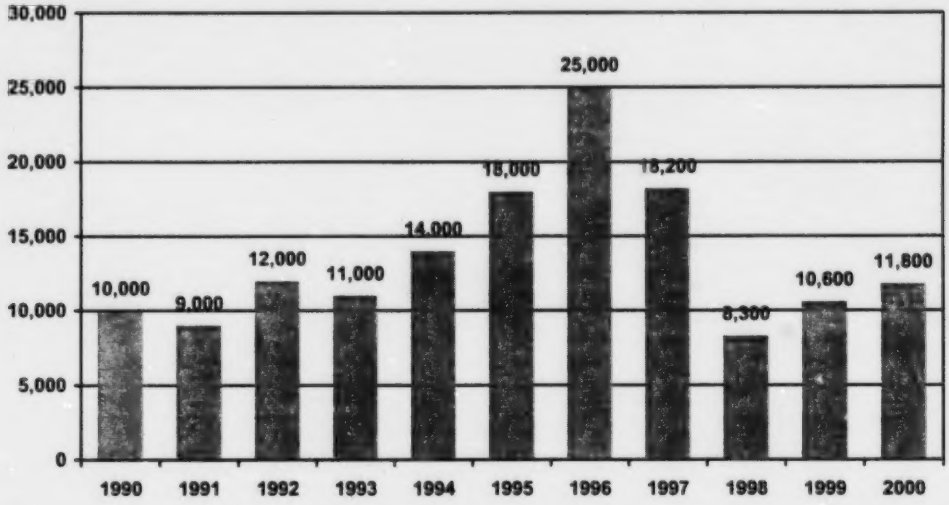
Thai Travel to Canada

Exhibit 4-2 depicts overnight arrivals to Canada from Thailand over the last decade. The market began to take off in 1994, exhibiting healthy double-digit growth through 1995 and 1996. Not surprisingly, 1997 saw arrivals plunge by 27 per cent in response to the Asian crisis, with a further 54 per cent drop seen in 1998.

The market recovered in 1999, with a 28 per cent jump in arrivals as the economy gathered steam and the baht's downward slide stabilized. The market continued to perform well in 2000, growing by 11 per cent. However, this growth has not been sufficient to make up for the losses of the previous years, and Thai arrivals to Canada are about the same today as they were before the boom began. With 11,800 arrivals to Canada in 2000, Thailand is the smallest of Canada's four Southeast Asian markets. In fact, Thailand accounts for only 13 per cent of the total arrivals from the region.

As is the case for most destinations outside Southeast Asia, Thai travellers to Canada require a visa upon entry. This can be a formidable barrier for many Thais, as it is a cumbersome process that involves providing bank statements and letters of certifications from employers.

Exhibit 4-2 – Overnight Arrivals From Thailand to Canada, 1990 to 2000



	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
% change	–	-10%	33%	-8%	27%	29%	39%	-27%	-54%	28%	11%

Source: International Travel Survey, Statistics Canada

Exhibit 4-3 shows that Canada's share of this market has declined considerably as a result of the Asian crisis and the associated loss in purchasing power caused by the 27 per cent drop of the Baht against the dollar since 1996.

Exhibit 4-3 – Market Share Analysis

Year	Outbound Travel of Thai Nationals	Total Arrivals to Canada	Canada's Market Share	Value of Baht in CDN$
1996	1,824,000	25,000	1.4%	0.05380
1997	1,638,000	18,200	1.1%	0.04630
1998	1,394,000	8,300	0.6%	0.03638
1999	1,655,000	10,600	0.6%	0.03929

The characteristics of Thai travellers and trips to Canada are summarized in *Appendix B*. Key points include:

- The Thai market exhibits the highest proportion of business travel to Canada (33%). Vacation travel represents 38 per cent of the market, and VFR 13 per cent;
- Thai travellers are tied with Malaysian travellers for the highest expenditures, with $1,392 spent on their trips to Canada;
- Travellers from Thailand are the least likely of the four markets to go shopping (72%) or sightseeing (69%), but these are still the top two activities. Visiting national parks/historic sites is also popular (53%);
- Age and seasonal distributions are similar to the other markets.

Competitive Destinations

Close to 50 per cent of Thai travel abroad is within *Southeast Asia*, based on arrivals world-wide (WTO/PATA). The most popular destinations by far are Malaysia and Singapore, with the main attraction for Thai travellers being business and shopping opportunities. Both destinations are in close proximity to Thailand, offer competitive pricing and are heavily promoted within Thailand. Thais travelling to ASEAN destinations do not require visas (they receive an automatic visa on arrival), which also contributes to their accessibility and attractiveness as vacation destinations.

Outside Southeast Asia (see *Exhibit 4-4*), destinations in *Northeast Asia* dominate, with Northeast and Southeast Asia together grabbing 87 per cent of Thai world-wide arrivals. Remarkable growth to China and Hong Kong has been seen in recent years, with Taiwan, South Korea and Japan also popular. China has moved to strengthen its tourism links with Thailand, with more available flights between the two countries and promotional efforts focusing on culture, attractions and ethnic / VFR opportunities. Hong Kong is still being offered at good discounts and is the prime destination (outside Southeast Asia) when it comes to short shopping holidays.

Outside of Asia, the most popular destinations include the U.S., Australia and the U.K. Although not shown in the exhibit, Germany has also been successful at capturing market share. Thai travellers have always been attracted to modern, prosperous countries, and traditionally, their long-haul travel has been centred on the U.S. and Europe. While these destinations are still popular, Thais are now looking to Australia as an alternative. Australia has a sizable Thai

immigrant community and offers scenic nature, hospitality and reasonable prices. Also, joint-marketing efforts between Australia and New Zealand have proven successful, with Thais often favouring multi-destination trips.

Destinations showing strong growth since 1995 are mainly those in South Asia (e.g., Myanmar, Bangladesh, Nepal and Pakistan). Other destinations of interest among Thais for future travel include South Africa and Eastern Europe.

Exhibit 4-4 – Top Destinations Outside Southeast Asia for Thai Travellers

Top Destinations (1999)	000's
China	206
Hong Kong	196
Taiwan	138
U.S.	74
South Korea	64
Australia	62
Japan	56
U.K.	52[1]
Fastest Growing Destinations (1999 vs 1995)	**% Growth**
Myanmar	66%
Bangladesh	42%
Nepal	33%[2]
Pakistan	20%[2]
China	19%

Source: WTO, Based on overnight arrivals for all purposes
Note: Based on reporting countries only, for example, Germany and a number of other countries do not report to the WTO and are excluded. WTO arrivals data cannot be added as they include double-counting (i.e., more than one country may be visited on a single trip).
[1] British Tourist Authority
[2] 1998 data

Outbound Travel Patterns and Trends

The following summarizes the available data from a variety of different sources, most of which are qualitative in nature.

Demographics and Key Segments

- The vast majority of outbound travel from Thailand originates from Bangkok.
- Youth and student travel is on the rise, as more young Thais (aged 15 to 24) are travelling abroad to seek new experiences and further their education. The youth segment has benefited from higher entry level salaries in recent years, and children often receive generous allowances from their parents. This segment is primarily interested in beaches and scenic nature (e.g., forests and mountains) trips.

- Although travel by the youth segment is growing, most outbound travellers are in the 25 to 44 age group (over 60% in 1996). Travel by seniors is fairly rare, with those over the age of 55 accounting for just 6 per cent of the market.
- The middle class segment was forced to compromise their living (and travelling) standards more than any other sector of the population as a result of the financial crisis. However, they remain a strong segment for outbound travel as the economy improves, since they have had a taste of travelling abroad and will want to go again. These travellers are looking for trips that build images of status and prestige, such as ski vacations, golf vacations, luxury trips and multi-destination trips. Their decision-making tends to be based more on value (e.g., fashionableness of a destination, opportunities to shop) rather than on price.
- Incentive travel and company-paid vacations account for almost one third of outbound travel from Thailand, and is expected to grow further as the economy strengthens. Travel agencies are taking advantage of this trend to repackage and reposition existing trips as corporate incentive travel products.
- Business travel not only contributes to Thai progress and development, it is also a stepping-stone for future pleasure travel. As Thais travel abroad on business, they develop the taste for seeing the world and vacationing overseas. Key destinations for business travel remain focused on the Asian region and include Singapore, Hong Kong, Japan and Taiwan.

Trip Characteristics

- Since the beginning of the economic crisis in 1997, the tendency for Thai travellers has been to travel within Asia on shorter trips. However, a growing number of Thai travellers have begun choosing long-haul destinations again, with destinations such as Italy, Switzerland, France, U.K., Australia and New Zealand being popular.
- Although officially over, the recession has left Thai consumers more thrifty and cost conscious than they used to be, and travellers now tend to think more about destination selection and take longer before booking a trip.
- The main travelling periods for outbound leisure travel from Thailand are Songkhran or Thai New Year (April) and the school holiday periods in April/May and October.
- While group package travel still dominates the marketplace, there is a small movement towards independent travel with small groups of family members and friends. First-time travellers, or travellers looking to long-haul destinations tend to choose package trips, while frequent travellers prefer to personalize their trip itineraries.

Vacation Interests and Travel Motivations

- Prior to the crisis, Thais spent very freely while abroad, with shopping expenditures often accounting for as much as 40 per cent of their total trip expenditures. Today, shopping has been curtailed somewhat, but still accounts for over 30 per cent of total trip spending. Historically, Thais shopping trips focused on purchasing name brands and luxury items, although less so since the crisis. Within Asia, top shopping destinations include Hong Kong, Malaysia and Singapore. Outside of Asia, Thais looked towards Europe and the U.S. for their shopping holidays.

- More sophisticated Thai travellers are looking for a change and want to go somewhere completely different, which accounts for the interest in new and emerging destinations such as South Africa, South Asia and Eastern Europe. This group is looking for a foreign travel experience that is both enlightening and broadens their knowledge.
- Thais are heavy followers of fashion, and going someplace hot and trendy is very important to them. Thai travellers are heavily swayed by the way a destination markets itself, and any particular destination can become fashionable with the correct image. In fact, increased visitation to a destination can often be tied back to a strong marketing presence.
- Common Thai vacation pursuits focus on city type interests, including visiting sophisticated cities, shopping, theatre, enjoying nightlife and casinos, and visiting theme parks. To a lesser extent, they also enjoy experiencing different cultures and seeing important historical icons.
- Many Thai travellers enjoy "back to nature" trips that allow them to experience beautiful scenery, nature, environmental quality, and lakes, rivers and mountains as part of their holiday. However, adventure travel is not a strong market in Thailand.
- Cruising is also gaining popularity in this market, especially among middle aged travellers, as evidenced by the growing interest in free-style cruising, which offers more flexibility in dining and lifestyle options while on the ship. To some extent, this interest is being driven by Thailand's growing reputation as a world-class cruise centre.
- Gambling, which is illegal in Thailand, is a common trip activity for Thai nationals. Macau and Malaysia are two common gambling destinations, and increasingly Thais are also taking cruises that include opportunities to gamble.

Key Industry Trends

- Outbound travel agencies in Thailand suffered the effects of the Asian economic crisis – specifically, large agencies were down-sized and many mid and small sized agencies were forced to close. The industry also saw the formation of consortiums to save costs and consolidate efforts. Many agencies were forced to reorient their business to domestic and inbound travel in order to survive the crisis.
- The exhibit below shows the leading outbound agencies in Thailand in 2000.

Exhibit 4-6 – Leading Outbound Agencies in Thailand

M.D. Tours
President Tour
Regency Travel and Education
Reliance Holidays
Roongsarp Holiday Travel
Takerng Tour
Thai Siri Service

Source: Tourismo Air Services, 2000

- The outbound industry in Thailand is still for the most part trade-led. Creating strong ties with outbound operators and focusing on trade support and activities are important tools in order to capitalize on the Thai outbound market.
- After a lengthy delay, preparatory work has began on the site of the new Nong Ngu Hao Airport (NGH), 30 km east of Bangkok. This airport is designed to replace the current Bangkok International airport at Don Muang. It will become Thailand's primary international airport and regional aviation hub and is scheduled to open in 2005. However, due to the delay and in order to cope with increasing passenger demand, the government has decided to invest in the expansion/improvement of the existing airport at Don Muang.
- A government committee studying privatization has put forward a plan to privatize the Airports Authority of Thailand (AAT), suggesting the private sector take part in operating airports in Bangkok and major provinces. Under the proposal the authority would be transformed into a company in which a selected private party would hold a 30 per cent stake and the old ATT 70 per cent.
- Thailand's Angel Airlines is back in the air after a six week grounding. Angel Air was supposed to liberalize the aviation market, but suffered financial difficulties and huge losses on domestic routes shared with dominant state-owned Thai Airways International. After a six week restructuring suspension, it has recommenced flights between Bangkok and Hong Kong and company officials say the recommencement of flights to other destinations within Asia is planned.
- Thai Airways is set to raise its domestic airfares by 13 per cent in 2001. The national carrier has brought in the new fare structure to offset losses and problems with rising jet oil prices. International fares are also set to rise about 5 per cent.

The Thai Long-Haul Pleasure Travel Market

Size of the Long-Haul Pleasure Market and Potential For Canada

The omnibus survey in Thailand was conducted with adults aged 18 or older in nine key provinces, namely, Bangkok, Chiang Mai, Phitsanulok, Surat Thani, Songkhla, Chon Buri, Nakhon Sawan, Khon Kaen and Nakhon-Ratchasima. To develop an estimate of market potential for the entire country, the sample was divided into three income bands and the incidence rates of long-haul travel were calculated for each band. These incidence rates were then used to estimate travel volumes based on the full Thai adult population in each income band. In other words, the extrapolation of incidence rates to the full population was done on the basis of income, the assumption being that travel incidence among people in a given income band would be fairly similar. The potential market for Canada was estimated in a similar manner. *Exhibit 4-5a* below shows the details of these calculations.

Exhibit 4-5A – Estimation of Size of the Potential Thai Long-Haul Pleasure Travel Market by Income Band

	Less than 6,000 Baht (n=74)	6,000 to 29,999 Baht (n=671)	30,000 Baht or more (n=353)	Total Thailand (Estimated)
Approximate Adult Population (18+)	19,918,354	21,534,536	2,227,711	43,680,600
Incidence of Long-Haul Pleasure Travel from Survey:				
Pleasure Travellers to Long-Haul Destinations	1.8%	4.2%	18.3%	3.8%
Planning Long-Haul Pleasure Trip	0.0%	0.9%	2.4%	0.6%
Incidence of Long-Haul Pleasure Travellers	1.8%	5.1%	20.7%	4.4%
Potential Adult Long-Haul Pleasure Travellers	358,530	1,098,261	461,136	**1,917,927**
Potential for Canada:				
Interest in Visiting Canada in the Next Five Years	0.0%	44.1%	66.7%	41.3%
Potential Pleasure Visitors To Canada in the Next Five Years	0	484,333	307,578	**791,911**

Source: Thailand Omnibus, February 2001

Exhibit 4-5b summarizes the final results for Thailand. The overall incidence rate of 4.4 per cent is much lower than in Singapore and Malaysia, which is to be expected given the mostly rural population and higher poverty levels. However, despite the low incidence, the sheer number of people in this country results in a respectable potential market size of 1.9 million long-haul pleasure travellers.

Approximately 41.3 per cent of potential long-haul pleasure travellers are interested in visiting Canada in the next five years, resulting in a potential market of 791,900 travellers to Canada. This is the second largest potential market for Canada in the region, behind Malaysia.

Exhibit 4-5B – Size of the Potential Thai Long-Haul Pleasure Travel Market

Total Population (2000)	60,617,200
Approximate Adult Population in Thailand (18+)	43,680,600
Incidence of Travel	
Pleasure Travellers to Long-Haul Destinations (Past Three Years)	3.8%
Planning Long-Haul Pleasure Trip (Definitely Planning Next Two Years)	0.6%
Incidence of Long-Haul Pleasure Travellers [3]	4.4%
Potential Thai Long-Haul Pleasure Travellers	**1,917,917**
Potential for Canada	
Interest in Visiting Canada in the Next Five Years	41.3%
Potential Pleasure Visitors To Canada in the Next Five Years	**791,911**

Source: Thailand Omnibus, February 2001 [1]

Demographic Characteristics of Thai Long-Haul Pleasure Travellers

Potential long-haul pleasure travellers in Thailand tend to be very young (18 to 39), married and very well educated, with high household incomes by Thai standards. Close to half have household incomes of 50,000 baht or more per month, which is roughly equivalent to CDN$22,000 per year. Over 40 per cent of all long-haul pleasure travellers live in Bangkok.

Exhibit 4-6 – Demographic Characteristics of Thai Long-Haul Pleasure Travellers

Characteristics	Long-Haul Pleasure Travellers (n=109)
Age:	
18-39	60%
40-49	18%
50+	22%
Gender:	
Male	54%
Female	46%
Marital Status:	
Single	34%
Married / Partnered	64%
Separated / Divorced / Widowed	2%
Educational Level:	
Elementary School / Junior High School	11%
Senior High School / Professional School	14%
Diploma / Higher Professional School	7%
University / College	50%
Graduate School or higher	18%
Occupation:	
Unemployed / Retired	3%
Government Officer / State Enterprise Officer	24%
Business Enterprise Officer	26%
Entrepreneur	25%
Vendor	3%
Wage Earner	9%
Direct Sales Officer	2%
Housewife	6%
Agriculture	2%
Monthly Household Income (Baht):	
Less than 20,000	15%
20,000 to 29,999	16%
30,000 to 49,999	23%
50,000 or more	46%
Province:	
Bangkok	43%
Chiang Mai	6%
Surat Thani	6%
Chon Buri	6%
Phitsanulok	6%
Nakhon Sawan	5%
Khon Kaen	10%
Nakhon Ratchasima	12%

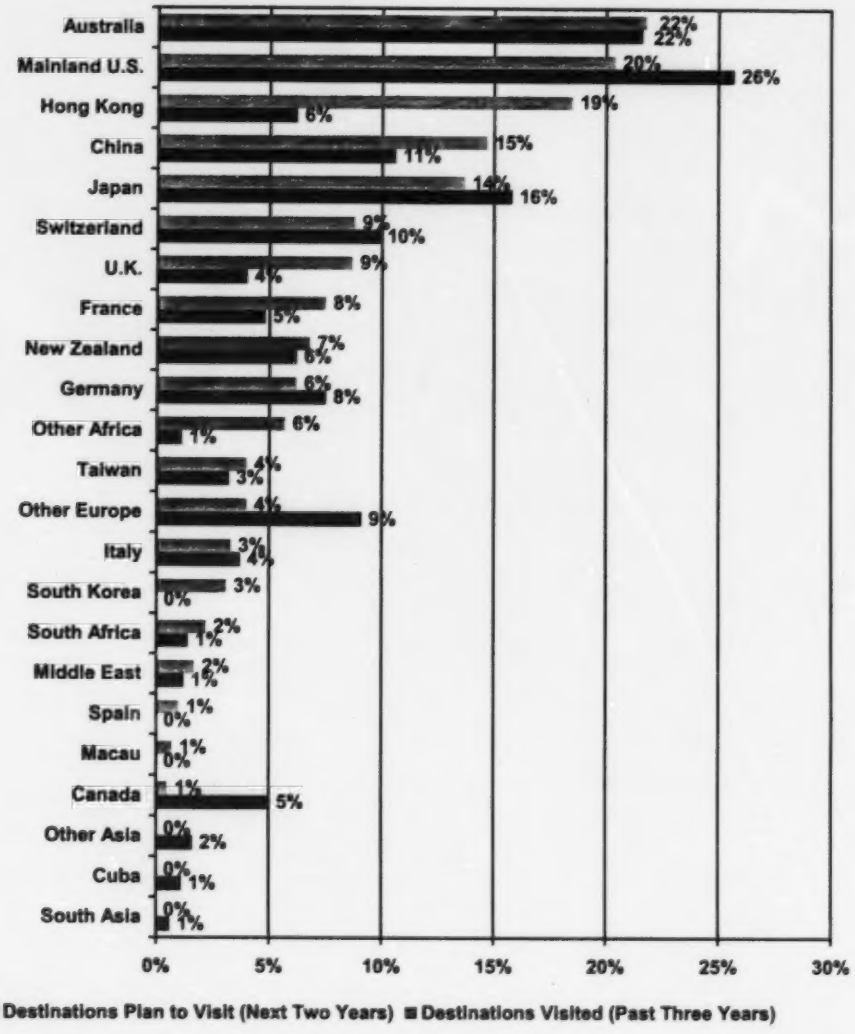
Characteristics	Long-Haul Pleasure Travellers (N=109)
Songkhla	5%

Source: Thailand Omnibus, February 2001
Base: Those who took a long-haul pleasure trip outside of Southeast Asia, of four nights or more by plane in the past two years, or who plan to take one (definitely) in the next two years.
Representative of nine sampled provinces only.Travellers interested in visiting Canada are not profiled due to the very low sample size.

Destinations Visited by Thai Long-Haul Pleasure Travellers

Exhibit 4-7 shows the destinations that potential long-haul pleasure travellers visited or intend to visit in the next two years according to the Omnibus results. Australia, the U.S., Hong Kong, China and Japan are the main destinations for Thai trips of four or more nights by plane. Canada is not yet a top destination, ranking 20th for past travel and 10th for future travel. As with the other markets, Hong Kong may become a less popular destination for Thai long-haul pleasure travellers in the future.

Exhibit 4-7 –Destinations That Thai Long-Haul Pleasure Travellers Visited in the Past Three Years or Intend to Visit in the Next Two Years



Source: Thailand Omnibus, February 2001
Base: Those who took a long-haul pleasure trip outside Southeast Asia, of four nights or more by plane in the past three years, or who plan to take one (definitely, very likely or somewhat likely) in the next two years.
Destinations Visited (n=94); Destinations Plan to Visit (n=255).
Representative of nine sampled provinces only.
Results for Destinations Visited should be interpreted with caution due to the small sample size.

The Philippines

Often viewed as an Asian anachronism, the Philippines is a melange of Oriental, European (e.g., Spanish) and Western cultures. The market is made up of over a hundred different ethnic groups, and more than 70 different languages are spoken. This section presents an overview of this diverse, multi-cultural market.

External Environment

Economic Situation

The Philippines was more resilient than many of its Asian counterparts in weathering the recent economic crisis in the region. The economy began expanding again in the first half of 1999 and continued to accelerate through the year. The year 2000 saw 3.9 per cent growth in the GDP, led by a recovery in agricultural production and a strengthening of electronic exports. The government is expecting GDP to grow by 3.8 per cent to 4.3 per cent this year, a more optimistic outlook brought about in part by the new Arroyo government. However, despite this growth, the Philippine economy is not performing as well as that in the other three markets; Singapore's GDP, for example, grew by almost 10 per cent in 2000.

A well-educated and English-speaking labour force is emerging in the Philippines, with degrees in engineering, IT and technical fields, as well as commerce and marketing. This segment is starting to create a major transition in the Philippine economy, with the manufacturing and IT sector increasing their share of GDP relative to the traditional agricultural, forestry and fishing sectors, that have dominated in the past. Many large multi-nationals have relocated a portion of their operations to the Philippines to take advantage of the relatively low wage rates in the country, and the country is beginning to be known as an IT centre in the region.

Social Landscape

Despite good economic growth, and an evolving labour force, the Philippines remains a poor country overall, with the bulk of its people (over 70%) involved in agriculture. Over 40 per cent of Philippine families live below the poverty line (earning less than a dollar per person per day), and the average annual household income in the country is only around CDN$4,800. There are over 10 million landless rural workers and millions more living in abject poverty in the slums. This means that overseas travel is beyond the means of the vast majority of the population.

However, there is a segment of the population that is extremely wealthy, with the top 10 per cent of the population accounting for more than 35 per cent of the wealth in the country. Many of the elite are from a small group of well-entrenched families that virtually monopolize political and economic power. In Manila, the wealthy isolate themselves from the rest of the population, living in special walled enclaves protected by barbed wire and armed guards. Although progress has been made to reduce poverty over the last decade, the disparities in wealth are still enormous, even by Asian standards.

Although the country has long been polarized into the rich and the poor, a new middle class has begun to emerge in recent years, predominantly in the urban centres. Metropolitan Manila, in particular, is home to a large population of young, well-educated professionals with Western tastes and attitudes. As this group grows, the market for outbound travel will increase and new opportunities for selling travel will arise.

The Philippines is also undergoing a period of rapid population growth, one of the highest in the region. The Philippines is the only predominantly Catholic country in a Muslim and Buddhist

dominated region, and the Catholic Church has firmly opposed the government's efforts to educate the public about birth control. Almost half of the population is currently under the age of 20, with an average of age of 17.5 years. This skewing of the country's demographics has resulted in chronically high unemployment that is expected to worsen in the years to come.

As a result of the surplus labour situation, many Philippine workers have been forced to seek employment abroad. The Philippines is the biggest source of migrant workers in Asia, with about 4.5 million people working overseas. Many are overseas contract workers (OCWs) working on terms of six months to two years throughout Asia and the Middle East. However, many Filipinos working in Asia were sent home in the aftermath of the financial crisis, contributing further to the unemployment situation. The upside of the labour situation for outbound tourism is that there are large Filipino communities in many countries around the world, including the U.S., that stimulate VFR travel abroad.

Other External Factors

A political uprising in January of this year resulted in the ousting of President Joseph Estrada, who has been replaced by a new administration under President Gloria Arroyo. It remains to be seen how this political coup will affect the country, its economy and travel propensity.

In addition to political instability, Philippine residents live in a turbulent environment, and have had to cope routinely with bombings in Manila and other terrorist acts, fighting against separatist forces in Mindanao, hostage taking incidents, wide-spread corruption, flooding and other natural disasters.

Growth of Philippine Outbound Travel

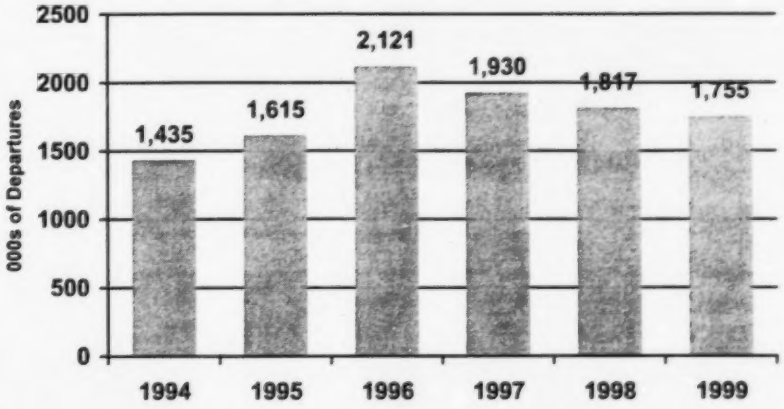
Exhibit 5-1 traces the evolution of the Philippine outbound pleasure travel market since 1994. Outbound travel enjoyed double-digit growth in 1995 and 1996, buoyed by good economic growth and more affordable airfares as a result of the deregulation of the airline business in 1993. The market peaked in 1996 at over two million departures, however, it should be noted that these figures include departures by overseas workers, accounting for almost a third of total outbound volumes.

The market was hit hard by the Asian crisis in 1997, with successive declines in outbound travel volumes in both 1997 and 1998. Also contributing to the declines in 1998 were the year's poor crop yield, a result of dismal weather conditions, and the weakening of the peso, which dropped 30 per cent against the U.S. dollar between July 1997 and February 1998, seriously dampening the purchasing power of travellers abroad.

Conditions were so poor that towards the end of 1998, Philippine Airlines (PAL), Asia's oldest airline, closed down after almost 60 years of operation due to the plunging demand for air travel. Service resumed within a few months after local investors stepped in to rescue the ailing airline, but the number of international routes has been severely limited (e.g., flights to Europe).

Although the economic picture was brighter in 1999 and the peso temporarily halted its downward slide, outbound travel volumes did not rebound. In fact, departures declined for the third year running, making this the most protracted downturn of the four Southeast Asian markets. The year 2000 brought with it a major dive in the stock market, and resumed weakening of the peso, and departures in the first six months of the year responded by dropping another 5.8 per cent.

Exhibit 5-1 – Outbound Tourism from the Philippines, 1994 to 1999



	1994	1995	1996	1997	1998	1999
% change	–	12.5%	31.3%	-9.0%	-5.9%	-3.4%

Source: WTO, Philippines Department of Tourism
Note: Includes overseas contract workers

Market Outlook

The outbound market has suffered some serious setbacks due to tough economic times. Although the short-term outlook is bleak, the market should improve once the peso stabilizes and the economy improves. The long-term prospects for this market are good, buoyed by a growing and well-educated middle class and the desire of the upper classes to see the world.

However, travel propensity in this market will always be limited by the poverty that permeates most of the country and by the chronic unemployment situation. Another possible mitigating factor is that the government, together with the local travel agency and tour operator associations, have launched an aggressive domestic tourism program to stimulate travel at home.

Philippine Travel to Canada

As shown in *Exhibit 5-2*, the Philippines also contributed to the boom in Canada's Southeast Asian markets during the mid 1990s. Like the other three countries, Philippine travel to Canada took off in 1994, exhibiting healthy double-digit growth through 1995 and 1996. Not unexpectedly, 1998 saw arrivals drop by 27 per cent in response to the Asian crisis. Moreover, the Philippine peso depreciated more than 30 per cent against the Canadian dollar between 1996 and 1998, severely weakening the purchasing power of potential travellers to Canada.

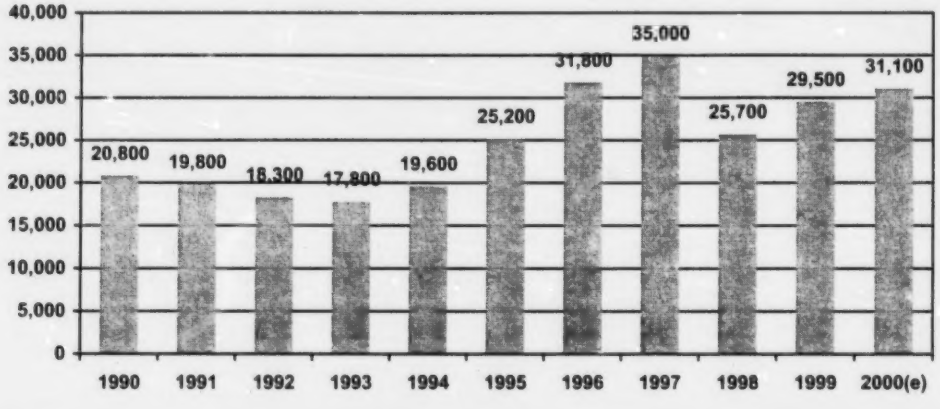
Travel to Canada recovered in 1999, with a 15 per cent jump in arrivals. It continued to perform well in 2000, registering growth of 5 per cent, although this was not up to the standards of the other three Southeast Asian markets, which grew by 10 per cent to 20 per cent.

What is important to recognize, however, is that Philippine tourism to Canada has been growing at a time when overall departures from the country have been dropping, which suggests a growing market share. Moreover, with over 31,000 arrivals to Canada, the Philippines accounts

for 35 per cent of the total arrivals from the Southeast Asian region, with higher travel volumes than the other three markets. This is true even when travel for business purposes is removed from the analysis.

It is important to note that travel to Canada requires a visa. Filipinos living outside of Manila have to come to the city to apply in person for visas, which is a major barrier. Moreover, there can be lengthy delays in obtaining a visa, which is unacceptable to most Filipino travellers.

Exhibit 5-2 – Overnight Arrivals from the Philippines to Canada, 1990 to 2000(e)



	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000(e)
% change	--	-5%	-8%	-3%	10%	29%	26%	10%	-27%	15%	5%

Source: International Travel Survey, Statistics Canada

Exhibit 5-3 shows how Canada's share of the Philippines outbound travel market has changed over the last five years. Canada's share of this market grew in 1999, and as noted earlier, will probably increase even further in 2000. Although less than 2 per cent, Canada's share of the Philippines market is actually considerably better than its penetration in the other three markets studied, and it is the only market where Canada's share has not declined.

Exhibit 5-3 – Market Share Analysis

Year	Total Philippine Departures	Total Arrivals to Canada	Canada's Market Share	Value of peso in CDN$
1996	2,121,000	31,800	1.5%	.05233
1997	1,930,000	35,000	1.8%	.04747
1998	1,817,000	25,700	1.4%	.03630
1999	1,755,000	29,500	1.7%	.03803

Appendix B shows the ITS results for Philippine travellers and trips to Canada for 1998/99. Notable findings include:

- Filipino travel to Canada is 42 per cent vacation travel, 27 per cent VFR and 25 per cent business;
- Although only 27 per cent of trips are specifically for VFR purposes, more Canadian visits may actually involve VFR since 73 per cent of Filipinos visit friends and relatives and 41 per cent stay with them while in Canada. This is much higher than the norm;
- About 48 per cent of the market is between the ages of 25 to 44;
- Filipino trips to Canada are the longest of the four markets at 11.2 nights. Per person per day spending is the lowest, so total trip expenditures end up about average for Southeast Asian trips;
- The top Canadian vacation activities are again shopping (88%) and sightseeing (87%). However, they are far more likely than other markets to visit a museum, zoo or natural display (48%).

Competitive Destinations

Roughly 19 per cent of Philippine travel abroad is within *Southeast Asia*, as measured by arrivals world-wide (PATA / WTO). The most popular destinations are Singapore and Indonesia (i.e., Bali), with the main attraction for Filipinos being the excellent shopping. Most ASEAN countries also do not require visas for visitors from the Philippines.

Interestingly, at 81 per cent of total world-wide arrivals to destinations outside of Southeast Asia, Filipino travellers show the highest propensity of the three markets studied to travel outside the region to destinations further afield.

Outside Southeast Asia (see *Exhibit 5-4*), destinations in *Northeast Asia* again dominate accounting for 62 per cent of world-wide arrivals. China and Hong Kong are the leading destinations, with South Korea and Taiwan also popular. Hong Kong attracts numerous travellers as a result of its proximity, its sizeable Filipino community, the attractive shopping, and the abundance of short-stay, low-priced packages to this destination. Many of those who visit Hong Kong will also take the ferry or train over to China and visit Guangzhou or Shenzhen, but these visits are usually very short (i.e., a day or two). China is also a major trading partner for the Philippines, so much of the outbound travel there is for business.

Destinations in the *Middle East*, such as Kuwait and Bahrain, are also popular among Philippine travellers, with many overseas contract workers in this region and well-priced packages available.

Outside of Asia, the most popular destinations include the U.S., Spain, Australia, Canada and the U.K. The U.S. has a large Filipino community, and flights from Manila are very reasonably priced. There are also many migrant workers in Canada, particularly in the domestic service industry. Australia is a popular destination for study due to its high education standards and clean environment. It also benefits from being the closest western nation to the Philippines. Spain is popular because many Filipinos are of Spanish descent and speak fluent Spanish.

In the long-haul travel market, the U.S., Canada and Australia all have the added advantage of being English-speaking destinations. English is solidly entrenched as the language of business and government in the Philippines, and English is widely understood and spoken by the people.

Up and coming destinations include places in the Caribbean, Africa, South Asia and Europe. All-inclusive tours to Europe have been selling well, with packages that start in the U.K. and then move on to France and Italy. According to the travel industry, the more sophisticated, upper-class traveller is looking for more exotic destinations, and the airlines are starting to promote new destinations like Turkey, Nepal and Bhutan. Interest in Eastern Europe (e.g., Hungary, Czech Republic, Austria, Poland and Russia) is also on the rise.

Exhibit 5-4 – Top Destinations Outside Southeast Asia for Philippine Travellers

Top Destinations (1999)	000's
China	298
Hong Kong	275
South Korea	199
United States	145
Taiwan	123
Japan	93
Spain	90[1]
Bahrain	53[2]
Australia	40
Kuwait	39[2]
Canada	29
UK	27[3]
Fastest Growing Destinations (1999 vs. 1995)	**% Growth**
Nicaragua	172%
Cuba	119%
South Africa	98%[2]
Bangladesh	96%
Belgium	90%
Iceland	76%

Source: WTO, Based on Overnight Arrivals for All Purposes
Note: Based on reporting countries only, for example, Germany and a number of other countries do not report to the WTO and are excluded. WTO arrivals data cannot be added as they include double-counting (i.e., more than one country may be visited on a single trip).
[1]1996 data
[2]1998 data
[3]British Tourist Authority

Outbound Travel Patterns and Trends

Minimal data exists on Philippine outbound travellers and trip characteristics, as it is currently not one of the world's major source markets. The following summarizes the available data from variety of different sources, most of which are qualitative in nature.

Demographics and Key Segments

- Philippine outbound travellers are typically fairly young, reflecting the general youth of the population. Fully a third of the outbound market is in the 25 to 34 age group, with

another 27 per cent in the 35 to 44 age group. Similarly, 57 per cent of long-haul travellers are between 25 and 44.

- Youth and student travel is on the rise, which is not surprising given the vast size of this segment. This group usually travels during the school holiday period (April/May), with vacations sometimes funded by parents as graduation gifts.
- The "Ladies Market," consisting of young women (similar to Japan's office ladies) is also a growing segment, driven primarily by opportunities to shop (e.g., in Singapore or Hong Kong).
- The convention and incentive market is also growing, with outbound destinations such as China gaining in popularity.

Trip Characteristics

- According to the Euromonitor, 45 per cent of outbound trips in 1996 were mainly for leisure, 40 per cent were for VFR and 15 per cent was for business, with VFR by far the fastest growing segment. There is considerable cross-over in this market, with many travellers combining VFR or business with vacation travel.
- The growth in VFR travel is pushing the average length of stay for outbound tourists upward. In 1996, the average stay was about 9 days. Business trips are much shorter, while vacation trips tend to be a week or two in duration.
- Outbound travel typically peaks during April/May (i.e., the summer vacation months), with January also a high period. Together, these three months account for over 30 per cent of total Philippine outbound departures. Outbound traffic bottoms out in December, as most Filipinos prefer to spend the holidays at home, with many overseas workers returning to spend Christmas with their families. In fact, the January peak in departures is partly caused by overseas workers leaving Manila after the holidays to return to work.

Vacation Interests and Travel Motivations

- Cruising is very popular in this market, with fly-cruise packages to Singapore and Hong Kong in high demand. The cruising business is improving steadily, and the newest trend is for upper-class couples to celebrate wedding anniversaries with a cruise.
- More experienced Filipino travellers are beginning to tire of places like Hong Kong and Singapore, and are looking for new destinations to visit. For instance, the travel industry is starting to see demand shift from more traditional Singapore/Hong Kong cruises to Caribbean cruises. Even those travellers who are going to Hong Kong are no longer satisfied with just shopping – they want a day or two in China as well.
- Common Filipino vacation pursuits include shopping, visiting theme parks, attending spectator sports, and participating in sports such as golf and fishing. Special interest products like safaris are starting to become popular among the elite.
- Religious travel is another major travel motivation for this market. Given that 85 per cent of the country adheres to Catholicism, Filipinos are interested in pilgrimages and religious tours to places like Rome, Lourdes, Poland, and the Holy Land. Filipinos usually consider these "once-in-a-lifetime" trips.
- Ecotourism is another draw for some travellers. Serious ecological problems have plagued the country in recent years, including flooding and pollution. More than 90 per cent of the

country's forests have been cut down, and over 90 per cent of its coral reefs have disappeared. Ecological problems such as these have given rise to an interest in ecology and ecotourism, both for domestic and outbound travel.

Key Industry Trends

- Air travel prices have declined in recent years since the deregulation of the industry by the Ramos government. Several new carriers have emerged (e.g., Air Philippines), providing competition for PAL (the former state owned airline) and resulting in downward pressure on fares for popular routes such as Hong Kong. Package prices have plummeted as airfares decline, and today there are many good bargains for those wishing to travel.
- Outbound travel in the future will also benefit from the recent restoration of interline traffic agreements between Philippine Airlines (PAL) and 77 airlines world-wide, including nine U.S. carriers and Air Canada/Canadian. This means easier and less expensive access for passengers to destinations beyond PAL's flight sectors (e.g., connections from PAL's North American gateways of Los Angeles and San Francisco to interior and eastern cities such as New York City, Chicago, Toronto and Montreal).
- In the first move towards open skies, the Philippines is considering a progressive liberalization of the air transportation sector to allow foreign carriers to service international routes if a local carrier is unable to do so.
- The Department of Transportation is continuing with its plans to upgrade and modernize the airports in the country. A new airport will be constructed in Silay City, while others are being substantially upgraded.
- There were 217 IATA travel agencies in the Philippines in 1999, and this has remained at about the same level over the last five years. According to IATA, travel agency sales have been declining steadily in the Philippines since 1997 as a result of the economic difficulties in the region. Key outbound operators include Bridges Travel and Tours and Blue Horizons Travel and Tours.
- The travel industry is taking measures to jump start business by throwing in bonuses such as adding one free night onto existing packages or giving discounts. At the Travel Tour Expo 2000 (a consumer travel show held in March), the Bank of the Philippine Islands offered deferred payment plans and installment plans that allowed travellers to pay for their vacation by monthly payments.

The Philippines Long-Haul Pleasure Travel Market

Size of the Long-Haul Pleasure Market and Potential For Canada

As shown in *Exhibit 5-5* the size of the potential long-haul pleasure travel market in the Philippines is 1.1 million travellers, based on an incidence rate of 3.9 per cent. This is the lowest incidence rate of the four markets, which reflects the general poverty of the country and the inability of the vast majority of residents to afford long-haul travel.

Exhibit 5-5 – Size of the Potential Philippine Long-Haul Pleasure Travel Market

Total Population (1995 Census)	70,700,000
Approximate Adult Population in the Philippines (18 to 54)	29,354,000
Incidence of Travel:	
Pleasure Travellers to Long-Haul Destinations (Past Three Years)	3.1%
Planning Long-Haul Pleasure Trip (Definitely Planning Next Two Years)	0.8%
Incidence of Long-Haul Pleasure Travellers	3.9%
Potential Filipino Long-Haul Pleasure Travellers	**1,144,800**
Potential for Canada:	
Interest in Visiting Canada in the Next Five Years (Very + Somewhat Interested)	62.8%
Potential Pleasure Visitors To Canada in the Next Five Years	**718,900**

Source: Philippine Omnibus, February 2001

Among long-haul travellers, however, interest in Canada is the highest of the four markets at almost 63 per cent. In fact, this level of interest is higher than every international market studied by the CTC over the last 10 years, with the exception of the U.K. and Australia. The 63 per cent interest represents about 718,900 potential travellers to Canada over the next five years, which is slightly smaller than the potential Thai market to Canada.

Demographics of Filipino Long-Haul Pleasure Travellers

Exhibit 5-6 profiles potential long-haul pleasure travellers in the Philippines. Again, they tend to be very young (over half under 35), well-educated, in professional or managerial positions, and living in Metro Manila or the Luzon region. Over half are in the upper social classes (i.e., A or B).

Exhibit 5-6 – Demographic Characteristics of Filipino Long-Haul Pleasure Travellers

Characteristics	All Long-Haul Pleasure Travellers (N=78)
Age:	
18-24	27%
25-34	26%
35-44	31%
45-54	17%
Gender:	
Male	49%
Female	51%
Marital Status:	
Single	37%
Married / Partnered	60%
Separated / Divorced / Widowed	3%
Educational Level:	
None/Elementary/High School	8%
Vocational Training / Some College	10%
College Graduate	58%
Post-Graduate	24%
Working Status:	
Employed	78%
Not Employed/Out of workforce	22%
Occupation:	
Professional / Managerial	52%
Sales / Clerical	7%
Technical / Skilled	8%
Unskilled / Labourer	0%
Other Occupations	33%
Socio-Economic Status:	
AB	53%
C1	26%
C2	8%
D/E	14%
Region:	
Metro Manila	22%
Luzon	41%
Visayas	19%
Mindanao	18%

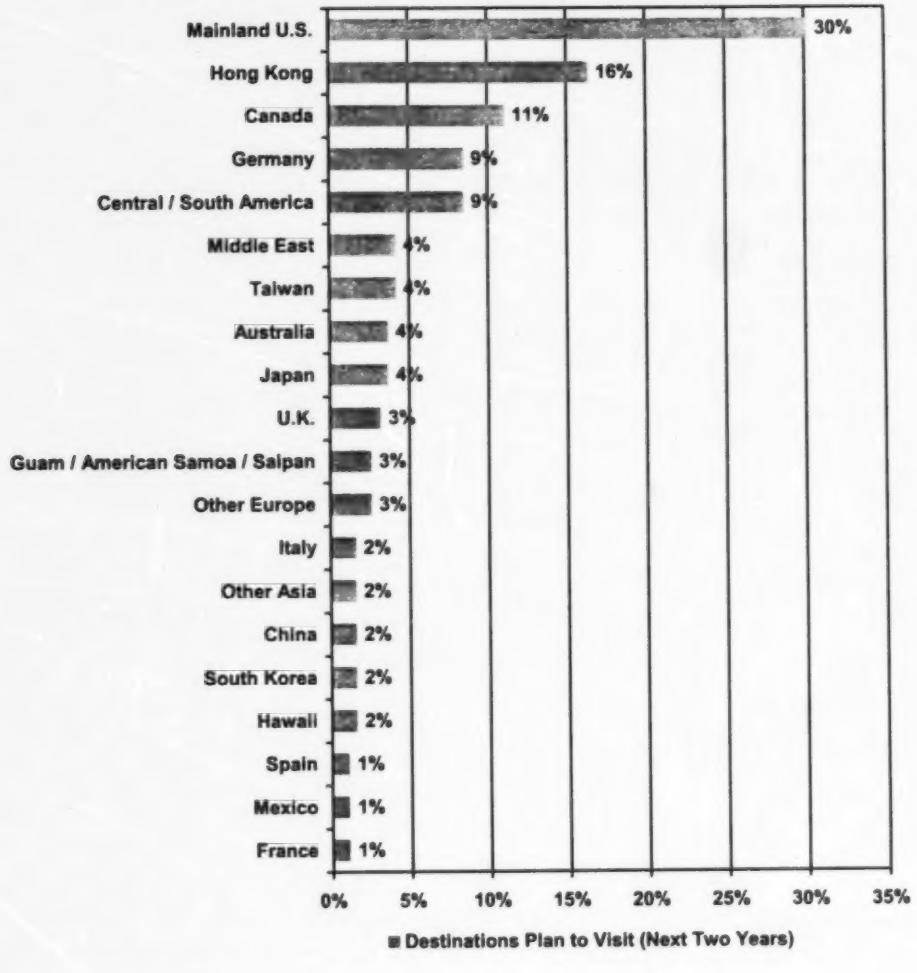
Source: Philippines Omnibus, February 2001
Base: Those *who took a long-haul pleasure trip outside of Southeast Asia, of four nights or more by plane in the past three years, or who plan to take one (definitely) in the next two years.*
Results should be interpreted with caution due to the small sample size.
Travellers interested in Canada cannot be profiled due to the very small sample size.

Destinations Filipino Long-Haul Pleasure Travellers Intend to Visit

As shown in *Exhibit 5-7,* the top destinations that Filipino long-haul pleasure travellers intend to visit for four or more nights by plane in the next two years are the U.S., Hong Kong, Canada,

Germany and Central/South America. This confirms that although Canada may not a be big destination at the moment (in terms of number of arrivals), future interest in Canada is high.

Exhibit 5-7 – Destinations That Filipino Long-Haul Travellers Intend to visit in the next two years



Source: Philippine Omnibus, February 2001
Base: Those who plan to take a long-haul pleasure trip outside Southeast Asia, of four nights or more by plane (definitely, very likely or somewhat likely) in the next two years (n=189).
Destinations Visited in Past Three Years not included due to small sample size.

Conclusion

There is no question that Southeast Asia is a rich source market for long-haul travellers, with good potential for Canada. With a combined market size of almost 7.0 million potential long-haul pleasure travellers (see *Exhibit 6-1*), the potential Southeast Asian market is relatively large, in fact, larger than either the South Korean or Taiwanese long-haul markets[2]. Moreover, the long-haul travel incidence in Singapore (43%) and Malaysia (33%) is higher than in many of Canada's other major tourism markets in Asia-Pacific, including Japan.

The total potential for Canada from the Southeast Asia region is around 3.5 million travellers over the next five years. To put this volume into perspective, the size of the potential market to Canada in France was 4.3 million travellers in 1998. So this is not an inconsequential number by any means. Interest in Canada is generally very high throughout the region, but exceptionally so in some markets. For example, the Philippines at 63 per cent outstrips interest levels in most of Canada's other international markets with the exception of the U.K.[3]

Exhibit 6-1 – Comparison of Potential Long-Haul Market Sizes

	Singapore	Malaysia	Thailand	Philippines	SE Asia
Total adult population[1]	2,198,400 (18-64)	9,168,900[2] (18 plus)	43,680,600 (18 plus)	29,354,000 (18-54)	84,401,900
% long-haul pleasure travel incidence (past 3 years + next 2 yrs)	42.7%	32.6%	4.4%	3.9%	–
Potential long-haul pleasure travel market	938,700	2,989,100	1,917,900	1,144,800	**6,990,500**
% of long-haul market interested in visiting Canada in next 5 yrs	50.9%	52.0%	41.3%	62.8%	–
Potential market to Canada (next 5 years)	477,800	1,554,300	791,900	718,900	**3,542,900**

[1] *As defined by the omnibus in each market*
[2] *Peninsular Malaysia only*

More importantly, Southeast Asia is an emerging market for destinations like Canada, so the potential is likely to increase. Travellers are still primarily choosing destinations in the Asia-Pacific region, but this will change, just as it did in the early 1990s for Taiwan and South Korea. In the years leading up to the Asian crisis, Canada was seeing explosive double-digit growth from each of these four markets, and it is not inconceivable that growth will re-ignite once the regional economic recovery proves stable. Certainly the growing prosperity of the burgeoning middle-class in all four of these markets means that the prospects for travel to Canada will only get better in the long-term.

However, as shown in *Exhibit 6-2,* a major barrier that Canada currently faces in all of these markets, but particularly in Malaysia, Thailand and the Philippines, is the steep devaluation of the currency against the dollar, which has severely affected the purchasing power of potential travellers to Canada. So although incomes have continued to rise over the past four years in

[2] The South Korean and Taiwanese studies were done some time ago, so potential market sizes may have changed since then.
[3] Again, these international studies were done at various points over the last eight years, and interest levels may be different now.

some markets (even in the face of the economic crisis), this has been offset by the depreciation of the currency. This has had a profound dampening impact on travel to Canada and Canada's market share over the last few years.

Exhibit 6-2 – Comparison of Economic and Other Indicators

	Singapore	Malaysia	Thailand	Philippines
GDP growth	5.9% (99) 9.9% (00)[2]	5.8% (99) 7.5% (00)[2]	4.2% (99) 4-5% (00)[2]	2.1% (99) 3.9% (00)
GDP growth forecast 2000-2010 (per yr)[1]	N/A	6.65%	5.6%	2.5%
Average annual per capita GDP growth forecast 2000-2008 (WEF)	5.2%	4.19%	3.33%	3.65%
Average household income per annum[1]	65,952 (Sing$) CDN$57,800	28,202 (RM) CDN$11,000	126,374 (baht) CDN$5,000	125,986 (pesos) CDN$4,800
Real household income growth in local currency terms (96 to 99)[1]	11.3%	(2.2%)	(8.0%)	4.2%
Currency depreciation vs CDN$ (96 to 99)	(9.3%)	(27.9%)	(27.0%)	(27.3%)
Discretionary income as % of total household income[1]	20.3%	8.2%	15.9%	9.2%
Education (% with tertiary educ)[1]	34%	14%	10%	22%
Unemployment rate (1999)	3.3%	3.4%	4.2%	9.4%

[1] *Asian Demographics. All 1999 data except for the Philippines which is 1998*
[2] *Estimate*

Another factor that Canadian marketers need to be aware of is that although they are in the same corner of the world, the four Southeast Asian markets vary considerably in terms of their economics, prosperity, social issues, and other indicators (see *Exhibit 6-2*). In addition, these markets represent a diversity of cultures, lifestyles and travel preferences, and marketing efforts need to be tailored to each source market. What works for Singapore for example, will not necessarily work for Thailand. While many Singaporeans enjoy sports and soft adventure, Thai travellers do not. If there is a common thread that links these markets, however, it is shopping. This is a top activity and travel motivation in all four markets and makes up a key part of any travel itinerary, regardless of what else travellers want to do.

Although the diversity of the Southeast Asian markets may complicate marketing initiatives somewhat, one factor that will ease Canada's efforts considerably is that long-haul pleasure travellers tend to be clustered geographically within each market. In Malaysia, fully half of the market is in Kuala Lumpur and the surrounding state of Selangor. In Thailand, Bangkok accounts for a good proportion of the long-haul market, while in the Philippines, efforts can be concentrated in Metropolitan Manila and Luzon. And of course, Singapore is a city in and of itself. These geographic concentrations will make it easier for Canada to target and reach long-haul travellers through different media.

Exhibit 6-3 compares some of the key outbound travel indicators for the four markets, as well as arrivals data to Canada. According to WTO, some 4.8 million arrivals from the region were recorded by receiving countries outside of Southeast Asia in 1999 (keep in mind that not all countries report to WTO). In the same year, there were 77,900 arrivals from Southeast Asia to Canada. This means that overall, Canada has captured a 1.6 per cent share of the total market to date. Moreover, Canada's share in many of these markets has dropped as a result of the

economic crisis and currency devaluations. Although the economic outlook for the region is brighter now, currency issues may continue to serve as a dampening factor in the near future.

Exhibit 6-3 – Comparison of Outbound Travel Indicators

	Singapore	Malaysia	Thailand	Philippines
Total population[1]	3,260,000	22,700,000	62,000,000	75,300,000
Total departures (1999)	3,971,000	26,067,000[2]	1,655,000	1,755,000[3]
Growth in departures (99/94)	62%	38%	0.1%	22%
Travel propensity (dep/total popn)	1.22	1.15	0.03	0.02
Total arrivals world-wide[4]	7,115,000	2,730,000	1,688,000	1,596,000
Total arrivals outside SE Asia[4]	1,510,000	1,143,000	890,000	1,291,000
Propensity for travelling outside SE Asia[4]	21%	42%	53%	81%
Overnight arrivals in Canada (99 ITS)	23,800	14,000	10,600	29,500
Canada market share (99) calculated as arrivals/total departures	0.6%	0.05%	0.6%	1.7%
Canada market share (99) calculated as arrivals/total worldwide arrivals[4]	0.3%	0.5%[5]	0.6%	1.8%
Canada's market share (99) calculated as arrivals/total arrivals outside SE Asia[4]	1.6%	1.2%	1.2%	2.3%
Overnight arrivals in Canada (00 ITS)	27,500	17,500	11,800	31,100
Percent growth in arrivals (99 to 00)	16%	25%	11%	5%

[1] *Data for Malaysia and Thailand (1999) from Asian Demographics. Singapore data is estimate for 2000. Philippine data preliminary results from May 2000 census.*
[2] *Includes departures by road to Singapore*
[3] *Includes departures by overseas contract workers*
[4] *WTO, based on reporting countries only (1999). Includes double-counting due to multiple destination visits on the same trip.*
[5] *Better measure for Malaysia since departures are inflated by excursionary traffic to Singapore.*

The four markets vary greatly in terms of their general characteristics and travel patterns, but as seen in the summaries below, all offer some future potential for Canada given some marketing investment:

Singapore is the wealthiest of the four countries, with the brightest economic outlook, the most affluent population and the highest level of discretionary income. Both personal wealth and disposable incomes are rising, and 9 out of 10 own their own homes. Not surprisingly then, Singapore has the highest outbound travel propensity of the four markets, with many people taking three or four overseas trips per year. And it is a rapidly growing market – even with the economic crisis, the market sustained 62 per cent growth over the past five years. Only 21 per cent of overnight arrivals world-wide are outside Southeast Asia, but this has more to do with the larger number of outbound trips taken (i.e., travellers take many secondary trips to short-haul destinations), rather than with the sophistication of the market.

Despite having an adult population about a tenth the size of the Philippines, Singapore's long-haul market is only slightly smaller than the Philippines market due to a very high incidence of long-haul travel (43%). It is the smallest *potential* market for Canada in the region (at 478,000 long-haul pleasure travellers), but again this is due to the very small overall population since interest is high at 51 per cent. In terms of current performance, Singapore accounts for

27,500 arrivals to Canada, ranking it as the second largest market for Canada in the region. However, compared with other long-haul destinations, Canada is not yet a top destination for long-haul travellers in this market.

Malaysia suffered one of the worst collapses in the region during the Asian crisis, but its economy has since turned around, with economic performance and outlook second only to Singapore's. A wealthy middle class has emerged and incomes have grown rapidly over the last decade, although some ground was lost during the economic crisis. Incomes are still considerably lower than in Singapore, but the cost of living is also much lower. Malaysia is the second largest outbound market in the region behind Singapore (once excursionist travel to Singapore has been excluded). Again, the market has grown rapidly, although long-haul travel has suffered as a result of the crisis. The outlook for this market is healthy, but the current anti-western sentiment and government initiatives to discourage outbound travel is a possible mitigating factor.

In terms of absolute volumes, Malaysia holds the most potential of the four markets. It is the largest potential long-haul pleasure travel market – accounting for nearly 43 per cent of the potential in the region. Similarly, it accounts for 44 per cent of the potential market to Canada from Southeast Asia at over 1.5 million travellers. Canada is currently a "top 10 destination" for this market, but overall penetration and market share remain fairly low.

Thailand, like Malaysia, was hit hard by the regional crisis in 1998. While the economy recovered in 1999, overall economic growth still lags behind Singapore and Malaysia. The population is mostly rural, with 60 per cent in the poorer agricultural sector. Outbound travel propensity is very low overall since the vast majority of the population cannot afford it. However, a new wealthy middle-class is emerging in the urban centres, particularly Bangkok, that is driving outbound market growth and travel trends. Market performance is heavily tied to economic performance and was more severely affected by the region's economic woes than Singapore and Malaysia were. As a result, the outlook for this market is uncertain since the economic situation has not fully stabilized and the baht is depreciating once again.

Because of the very large population, the long-haul pleasure travel market is sizeable despite a low incidence rate of around 4 per cent. In fact this is the second largest potential market in the region, and offers the second greatest potential for Canada in terms of absolute volumes (792,000 travellers). In reality, Canada received only 11,800 arrivals from Thailand in 2000, ranking it last among the four markets in terms of actual performance. A key barrier for travel to Canada, on top of the 27 per cent drop of the baht against the dollar since 1996, is the visa requirement, which is felt to be a cumbersome process and a major deterrent for Thai travellers.

The Philippines has the largest population of the four markets, with over 75 million people. Like Thailand, it is a poor country overall, with over 70 per cent of the population in agriculture. More than 40 per cent live below the poverty line, and the average annual income is only CDN$4,800, which helps to explain why the country has the lowest outbound travel propensity of the four markets. However, about 10 per cent of the population is very wealthy, and like the other markets, a new well-educated middle-class is emerging in the urban centres that is driving outbound travel. Moreover, Filipinos that do travel, will travel to destinations further afield – 81 per cent of Filipino arrivals world-wide are outside Southeast Asia, so this market generates the 2nd highest number of arrivals outside the region. The Philippines market was hit hardest by the economic crisis, with three successive years of declines observed in outbound departures (1997 to 1999), and further declines seen in the first half of 2000. The short-term outlook is bleak but should improve eventually since there is undoubtedly pent-up demand in the marketplace. However, travel propensity in this market will always be limited by widespread poverty and chronic unemployment.

Long-haul travel incidence is the lowest at 3.9 per cent, but the market is reasonably sized at 1.1 million potential travellers (just bigger than the Singapore market). Interestingly, interest in Canada is the highest at close to 63 per cent, resulting in a potential market of 718,900 travellers. At 31,100 overnight arrivals in 2000, the Philippines also accounts for the largest traffic flows to Canada from Southeast Asia (despite the necessity of obtaining an entry visa). Canada's market share here is double that of the other three markets, and it is the only market where Canada's share is climbing instead of dropping.

In closing this report, it is important to point out a major study limitation – only the potential market sizes, destinations visited and demographics of long-haul travellers are based on quantitative research (and in the latter case, sample sizes are sometimes very small). The information on travel patterns and interests is derived from desk research, and suffers from all of the weaknesses of a non-quantitative study based on secondary sources (e.g., although we know that nature is of interest to some markets, we don't know to what extent, or how the markets compare). Consequently, specific marketing strategies should not be formulated on this basis. What is clear from this research is that there are differences in what motivates and appeals to travellers from each market, and it will be important to quantify these differences should Canada decide to pursue these markets further.

Appendix A – Omnibus Questionnaire

Q1. In the past three years, that is since February 1998, have you taken a holiday trip by plane, outside South-east Asia for four nights or longer? Please include trips to visit friends and relatives and business trips on which you combined business with a holiday trip. (NOTE: SOUTH-EAST ASIA = THAILAND, SINGAPORE, MALAYSIA, PHILIPPINES, INDONESIA, LAOS, VIETNAM, CAMBODIA, BRUNEI)

Yes 1
No 2
..... ➔ SKIP TO Q3

Q2. Which countries outside South-east Asia did you visit by plane for a holiday of four nights or more in the past three years? DO NOT READ. MULTIPLE RESPONSE.

Canada 1
Mainland U.S.A. 2
Hawaii 3
Guam/American Samoa/Saipan 4
Puerto Rico/US Virgin Islands 5
Other South Pacific 6
Mexico 7
Central/South America 8
Dominican Republic 9
Cuba 10
Other West Indies/Caribbean 11
South Africa 12
Other Africa 13
Australia 14
New Zealand 15
UK 16
Germany 17
France 18
Switzerland 19
Spain 20
Italy 21
Other Europe 22
Middle East 23
Former USSR (CIS) 24
China (PRC) 25
Hong Kong 26
Macau 27
South Korea 28
Japan 29
Taiwan (ROC) 30
South Asia (e.g., Pakistan, India, Sri Lanka, Nepal, etc.) 31
Other Asia 32

Q3. In the next two years (i.e., before February 2003), how likely is it that you will take a holiday trip by plane outside South-east Asia for 4 nights or longer? Are you: READ LIST. SINGLE RESPONSE.

Definitely going to take such a trip 1
Very likely to take such a trip 2
Somewhat likely to take such a trip 3
Not very likely to take such a trip OR 4
..... → SKIP TO Q5
Not at all likely to take such a trip 5
..... → SKIP TO Q5

Q4. Which countries outside South-east Asia are you likely to visit by plane for a holiday of four nights or more in the next two years? DO NOT READ. MULTIPLE RESPONSE.

Canada 1
Mainland U.S.A. 2
Hawaii 3
Guam/American Samoa/Saipan 4
Puerto Rico/US Virgin Islands 5
Other South Pacific 6
Mexico 7
Central/South America 8
Dominican Republic 9
Cuba 10
Other West Indies/Caribbean 11
South Africa 12
Other Africa 13
Australia 14
New Zealand 15
UK 16
Germany 17
France 18
Switzerland 19
Spain 20
Italy 21
Other Europe 22
Middle East 23
Former USSR (CIS) 24
China (PRC) 25
Hong Kong 26
Macau 27
South Korea 28
Japan 29
Taiwan (ROC) 30
South Asia (e.g., Pakistan, India, Sri Lanka, Nepal, etc.) 31
Other Asia 32

All Respondents

Q5. How interested are you in taking a holiday trip to Canada in the next five years?

READ LIST. SINGLE RESPONSE.

	Next Five Years
Very interested	4
Somewhat interested	3
Not very interested	2
Not at all interested	1
	DK 9

Appendix B – Overnight Person-Trips to Canada From Southeast Asia

Overnight Person-Trips To Canada (1998/99)[4]					
	Singapore (N=121)	Malaysia (N=74)[5]	Thailand (N=74)[5]	Philippines (N=92)[5]	Total (N=361)
Trip Characteristics					
Main Trip Reason:					
Business	16%	10%	33%	25%	20%
Vacation	61%	61%	38%	42%	51%
Visit Friends Or Relatives	16%	28%	13%	27%	22%
Other	7%	2%	15%	6%	6%
Month Of Travel					
Jan – Mar	12%	13%	10%	11%	12%
Apr – June	34%	33%	37%	36%	35%
July – Sept	30%	31%	32%	34%	32%
Oct – Dec	24%	23%	21%	18%	22%
Trip Characteristics					
Average Travel Party Size	2.07	1.94	1.59	2.03	1.95
Average Trip Duration (Nights)	7.89	9.36	9.07	11.16	9.52
Average Reported Spending / Trip	$978.53	$1,397.91	$1,392.54	$1,067.26	$1,146.54
Average Reported Spending / Night	$123.98	$149.32	$153.48	$95.67	$120.40
Activities					
Visit Friends Or Relatives	47%	60%	41%	73%	58%
Attend Festivals Or Fairs	4%	11%	9%	24%	13%
Attend Cultural Events	19%	10%	14%	23%	18%
Attend Sports Events	2%	14%	1%	10%	7%
Go Shopping	91%	87%	72%	88%	87%
Go Sightseeing	84%	92%	69%	87%	85%
Participate In Nightlife / Entertainment	20%	28%	20%	22%	22%
Dine At High Quality Restaurants	50%	43%	35%	46%	45%
Visit A Theme Park	15%	24%	19%	34%	24%

[4] 1998 and 1999 data have been combined to increase the sample of trips to each destination.
[5] Caution should be used in interpreting the results due to small sample size.

Overnight Person-Trips To Canada (1998/99)[1]					
	Singapore (N=121)	Malaysia (N=74)[2]	Thailand (N=74)[2]	Philippines (N=32)[2]	Total (N=301)
Visit A Zoo, Museum, Natural Display	27%	25%	33%	48%	35%
Visit National/State/Reg Park, Hist Site	44%	59%	53%	57%	53%
Participate In Sports/Outdoor Activities	12%	35%	17%	15%	18%
Swimming	5%	13%	4%	7%	7%
Other Water Sports	1%	2%	.	1%	1%
Hunting Or Fishing	0%	4%	.	.	1%
Downhill Skiing	4%	14%	6%	.	5%
Other Sports	5%	8%	2%	7%	6%
Type Of Accommodation					
Hotel/Motel Only	49%	49%	53%	31%	43%
Home Of Friends/Relatives Only	9%	18%	8%	32%	19%
Both	9%	14%	7%	9%	10%
Other	33%	19%	32%	28%	28%
Traveller Characteristics					
Sex Of Traveller					
Male	51%	41%	53%	37%	45%
Female	49%	59%	47%	63%	55%
Age Of Traveller					
Under 14	13%	11%	6%	9%	11%
15 To 24	3%	9%	8%	4%	6%
25 To 44	47%	42%	47%	48%	46%
45 To 64	31%	38%	38%	31%	34%
65 And Over	6%	0%	1%	7%	4%

Source: Statistics Canada, International Travel Survey